

County of Centre



PENNSYLVANIA

2015 Comprehensive Annual Financial Report

For the year ended December 31, 2015

Prepared by the Office of the Controller
Charles L. Witmer, Controller

County of Centre Pennsylvania

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COUNTY OF CENTRE

OFFICE OF THE CONTROLLER

Willowbank Office Building - Room 242
420 Holmes Street
Bellefonte, Pennsylvania 16823-1488

CHARLES L. WITMER
CONTROLLER
clwitmer@centrecountypa.gov

(814) 355-6725
FAX # (814) 355-6761

June 27, 2016

To the Citizens of the County of Centre, Pennsylvania:

I am pleased to present the Comprehensive Annual Financial Report (CAFR) for the County of Centre (County) for the year ended December 31, 2015. This report consists of the County management's representations concerning the finances of Centre County Government. The County assumes full responsibility for the completeness and fairness of all the information presented in this report. To provide the basis for making these representations, the management of the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile reliable information for the preparation of the Centre County Government's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. To the best of management's knowledge and belief, this financial report is complete and reliable in all material respects.

This CAFR was prepared by the Controller's Office and the financial statements were audited by the independent certified public accounting firm of MaherDuessel, whose opinion accompanies the financial statements contained in the Financial Section of this report. The goal of the independent audit was to provide reasonable assurance that the County's financial statements are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the year ended December 31, 2015 are fairly presented in conformity with GAAP.

The independent audit of the financial statements was part of a broader, federal mandated "Single Audit" designed to meet special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the County's internal controls over compliance and compliance with legal requirements, with special emphasis on the administration of federal grant awards. These reports are available in the County's separately issued Single Audit Report.

The County is subject to Governmental Accounting Standards Board (GASB) Statement No. 34 (GASB 34). GASB 34 is a reporting model designed to provide the primary users of the government's financial statements—legislators, creditors and citizens—with information that will help them assess accountability, stability, and plan for the future. This CAFR presents "government-wide" financial statements, designed to provide an economic (long-term) focus on its net assets and activities, using full-accrual accounting and reporting found in the commercial sector. GASB 34 requires the County to continue presenting the traditional fund accounting statements, which will remain on a spendable financial resources (short-term) focus.

The Management's Discussion and Analysis (MD&A) is a narrative introduction, overview, and analysis of the accompanying basic financial statements. This letter of transmittal is designed to complement the MD&A. The MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Centre County, a fourth class county, was created by an act of the State Legislature in February 1800, and is located at the exact geographic center of Pennsylvania. A three-member Board of County Commissioners performs all of the County's legislative and executive functions. The Controller is elected as the County's Chief Financial Officer and supervises the fiscal affairs of the County. The Treasurer is elected to receive all monies due or accruing to the County, including the deposit and investing of surplus funds. The Court of Common Pleas is part of the Unified Judicial System provided by the Pennsylvania Constitution. Court related row offices include the Coroner, Prothonotary/Clerk of Courts, District Attorney, Recorder of Deeds, Register of Wills, Sheriff, and two Jury Commissioners.

Consistent with budgetary constraints and Pennsylvania County Code, the Board of County Commissioners decides the best means of providing a variety of services. The County provides a broad range of services including judicial, public safety, corrections, public works, human services, culture and recreation, conservation and development, and elections.

This CAFR includes all funds of Centre County as well as all of its component units. The Centre County Conservation District and the Centre County Solid Waste Authority are reported as discretely presented component units. Component units are legally separate entities for which Centre County is financially accountable. Discretely

presented component units are reported in a separate column in the combined financial statements in order to emphasize that they are legally separate from the County and to show their financial position, results of operations, and cash flows.

Information Useful in Assessing the County's Economic Condition

Local economy

Centre County is home to one of the nation's largest universities, The Pennsylvania State University (Penn State). Penn State has over forty-two thousand students at its main campus located in Centre County. The County's key industries include tourism, retail, agriculture, electronics, chromatography, information technology, printing and publishing, wood manufacturing, and education.

Long-term financial planning

The County's Comprehensive Plan, Phase I includes an historical background of the County, a current profile, and will serve as a blueprint for the next ten to twenty years. Phase II will focus on growth management and development strategies in the County. Consistent with the Comprehensive Plan, the Board of County Commissioners initiated an Affordable Housing Needs Assessment to identify the County's critical housing needs and to provide information that can be used to address those needs within the County over the next ten years.

Passed in 1992, Pennsylvania Law (Act 137) allows counties to establish an Affordable Housing Fund to collect fees through its Recorder of Deeds (ROD) offices to support affordable housing projects. In 1993, the Commissioners adopted an ordinance to enact Act 137 and to create a Centre County Affordable Housing Fund. In 2015, \$99,000 was collected by the ROD on behalf of the Fund. In 1996, the County implemented the First Time Home Buyer Program. The program provides down-payment loans (the lesser of \$10,000 or 10% of the purchase price) to qualified county residences. The amount provided is a zero percent interest-deferred loan, secured by a second mortgage.

Internal audits

The Controller's internal audit function conducts financial and compliance audits of County departments, agencies, row offices, and grant-funded programs to ensure that the County government is efficient, effective, and compliant. The function issued 17 audits, reviews, and special reports during 2015.

Awards and Acknowledgements

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Centre for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2014. This is the fourteenth consecutive year the County has received this certificate. The Certificate of Achievement is a prestigious international award that recognizes conformance with the highest standards for preparation of state

and local government financial reports. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report conforms to the Certificate of Achievement program requirements, and have submitted it to the GFOA to determine its eligibility for another certificate.

Award for Distinguished Budget Presentation

For the seventeenth consecutive year, the County received GFOA's Award for Distinguished Budget Presentation for its 2015 appropriation budget. The Board of County Commissioners' staff prepares the budget document.

Acknowledgements

This report provides an all-inclusive picture of the financial position of the County. To strengthen our financial position during the year covered, County officials have undertaken a unified effort to improve management and organizational effectiveness, administrative and operating systems, and productivity. The County continues to follow prudent fiscal policies and management programs in order to provide vital government services to its citizens.

The preparation of this CAFR on a timely basis could not have been accomplished without the efficient and dedicated services of the staff of the Controller's Office. I would like to express my sincere thanks and appreciation to the staff and to all members of the departments who assisted and contributed to its preparation. I would also like to thank the Board of County Commissioners and their staff for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in cursive script that reads "Charles L. Witmer".

Charles L. Witmer
Controller



Mission

Centre County Government

The business of Centre County Government is to provide high quality services to County residents in an efficient and cost effective manner. Citizens have repeatedly said that maintaining the quality of life in Centre County needs to be a top priority. The services provided by County government, as well as by municipalities and school districts, are an important component of the quality of life in Centre County.

Controller's Office

The mission of the Centre County Controller's Office is to improve the quality of life of the citizens of Centre County. We accomplish our mission by helping the various County departments, offices, and agencies successfully administer the financial resources within their control.



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

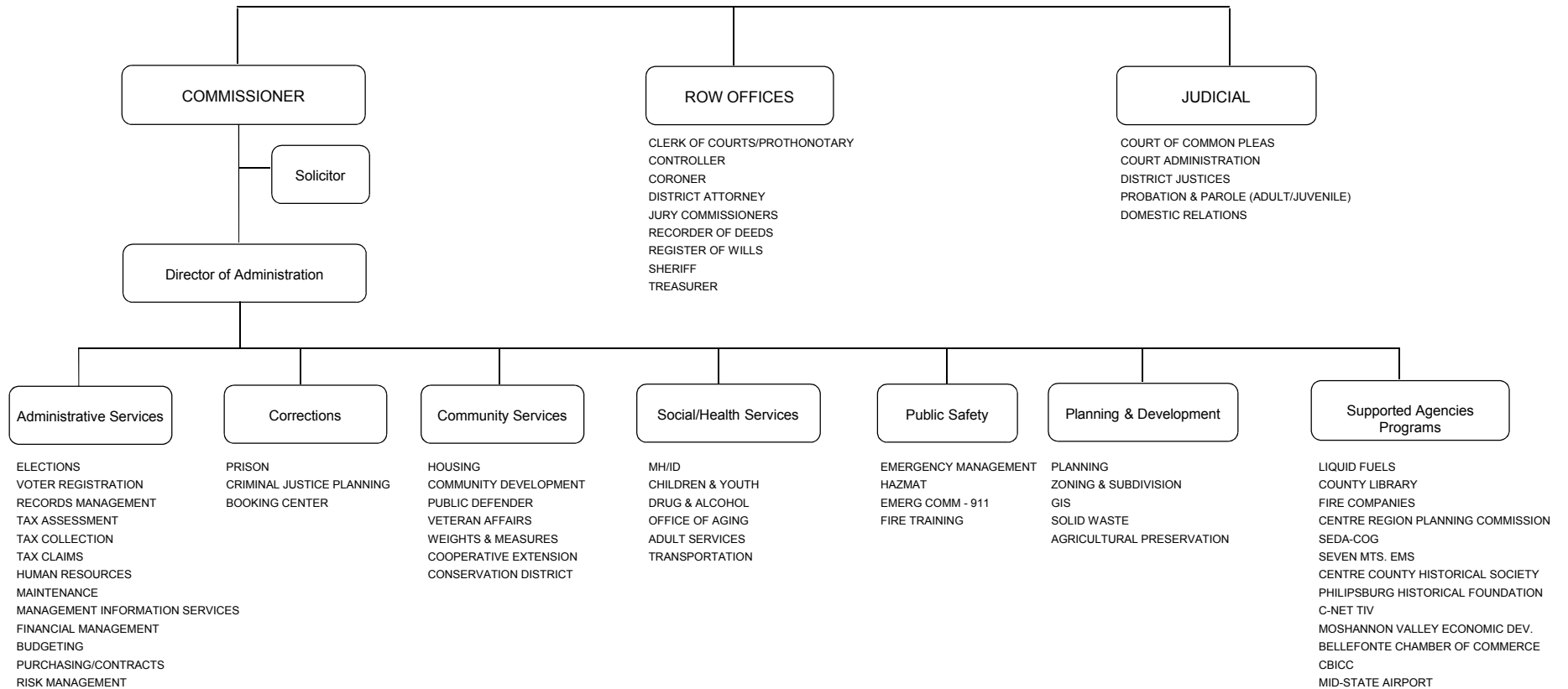
**County of Centre
Pennsylvania**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

CENTRE COUNTY GOVERNMENT ORGANIZATION CHART



County of Centre, Pennsylvania

Principal Officials
December 31, 2015

County of Centre

Principal Officials

December 31, 2015

Board of Commissioners

Steven Dershem, Chair
C. Chris Exarchos
Michael Pipe

Court of Common Pleas

Thomas King Kistler, President Judge
Pamela Ruest, Judge
Jonathan Grine, Judge
Bradley Lunsford, Judge
Charles C. Brown, Senior Judge
David E. Grine, Senior Judge

Controller

Charles L. Witmer

Coroner

Scott Sayers

District Attorney

Stacy Parks Miller

Prothonotary/Clerk of Courts

Debra Immel

Recorder of Deeds

Joseph Davidson

Register of Wills/Clerk of Orphans Court

Kimberly Barton

Sheriff

Dennis Nau

Treasurer

Richard Fornicola

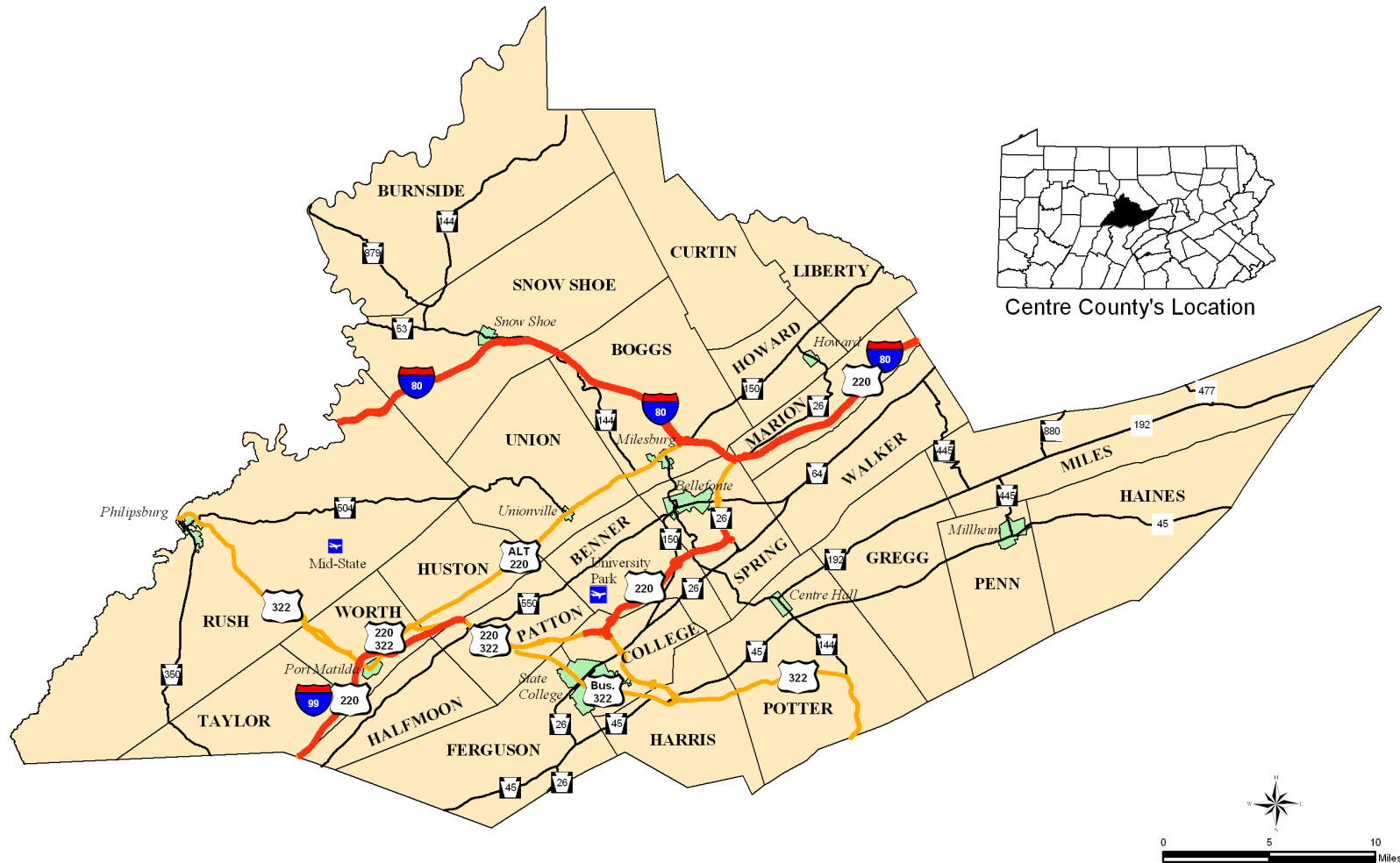
Jury Commissioners

Ruth Luse
Hope Miller

District Justices

Kelley Gillette-Walker, Bellefonte
Thomas Jordan, Centre Hall
Vacant, Centre Region
Allen W. Sinclair, Philipsburg
Carmine Prestia, State College I
Steven Lachman, State College II

Centre County, Pennsylvania





Independent Auditor's Report

Board of County Commissioners
County Controller
County of Centre, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Centre, Pennsylvania (County), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Centre County Recycling Refuse Authority (Authority), which represents 96 percent, 95 percent, and 89 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2015, and the respective changes in

Board of County Commissioners
County Controller
County of Centre, Pennsylvania
Independent Auditor's Report

financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Children and Youth Fund, and Mental Health/Intellectual Disabilities Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension information, and OPEB information on pages 17 through 30 and pages 74 through 76, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining statements and schedules, component unit – individual fund statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements and schedules and the component unit - individual fund statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining statements and component unit - individual fund statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Maher Duessel

Pittsburgh, Pennsylvania
June 27, 2016

COUNTY OF CENTRE, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

This Management's Discussion and Analysis (MD&A) is intended to provide a narrative overview and analysis of the financial activities of the County of Centre, Pennsylvania (County), for the year ended December 31, 2015. The County's financial performance is discussed and analyzed within the context of the financial statements and the disclosures that follow. Additional information is provided in the Transmittal Letter, which can be found on pages 5-8 of this report. This discussion focuses on the County's primary government. Component units, unless otherwise noted, are not included in this discussion.

FINANCIAL HIGHLIGHTS

- The County's total net position increased by \$2.2 million. Net position related to governmental activities increased by \$2.3 million, and the net position of the County's business-type activities decreased by \$104,000.
- As of December 31, 2015, \$10,014,000 of unrestricted net position was available to meet the County's ongoing obligations of the governmental activities to citizens and creditors.
- The unreserved, unassigned fund balance for the General Fund was \$8,979,000 or 28.4 percent of total General Fund expenditures.
- Total bond indebtedness on December 31, 2015 was \$34,093,000, a decrease of \$3,413,000 from the beginning of the year. The County's 2015 total debt service payments of \$4,673,000 (principal and interest) represented 7.2 percent of the County's total governmental expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the County's assets, deferred outflows of resources, and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. The statement of activities presents information showing how the County's net position changed during the most recent financial year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include administration, judicial, public safety, public works, human services, culture and recreation, and conservation and development. The business-type activity of the County is a 911 emergency communications center.

The government-wide financial statements include not only the County itself (known as the primary government) but also a legally separate Recycling Refuse Authority and a legally separate Conservation District for which the County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 31-32 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

GOVERNMENTAL FUNDS

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Children & Youth Fund, Mental Health/Intellectual Disability Fund, Debt Service, and Capital Projects Fund, all of which are considered major funds.

Data from the other seven governmental funds are combined into a single, aggregated presentation captioned "other non-major governmental funds." Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 33-37 of this report.

PROPRIETARY FUNDS

The County maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Emergency Communications 911. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its Transportation department and Management Information System department. Because these

services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 38-40 of this report.

FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 41-42 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43-73 of this report.

OTHER INFORMATION

The required supplementary information can be found on pages 74-76 of this report. The combining statements referred to earlier in connection with government fund types, proprietary fund types, fiduciary fund types and component units are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 78-102 of this report. The statistical section begins on page 104.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities at the close of December 31, 2015 by \$38,987,644, an increase of \$2,218,918 from the beginning restated balance of \$36,768,726 for the year.

The County's net position reflected in investment in capital assets (e.g., land, buildings, and equipment), is presented net of any related debt used to acquire those assets that is still

outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. The County's investment in its capital assets reported net of related debt as related to its governmental activities was \$22,495,000 at year-end. The County's investment in its capital assets reported net of related debt as related to its business-type activities was \$963,000 at year-end. This positive balance is attributable to the 2013 reclassification of debt from the business-type activities to the governmental activities associated with the County's 911 operation.

CONDENSED STATEMENT OF NET ASSETS

December 31, 2015 and 2014

Primary Government

(in millions)

| | Total Governmental Activities | | Business-type Activities Enterprise Funds | | Total | |
|----------------------------------|-------------------------------------|----------------|-------------------------------------------------|---------------|---------------|---------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Current and other assets | \$28.0 | \$31.8 | \$ 0.4 | \$ 0.5 | \$28.4 | \$32.3 |
| Capital assets | <u>58.1</u> | <u>55.9</u> | <u>1.0</u> | <u>1.0</u> | <u>59.1</u> | <u>56.9</u> |
| Total assets | <u>86.1</u> | <u>87.7</u> | <u>1.4</u> | <u>1.5</u> | <u>87.5</u> | <u>89.2</u> |
| Deferred Outflows | <u>8.0</u> | <u>0.5</u> | <u>-</u> | <u>-</u> | <u>8.0</u> | <u>0.5</u> |
| Other liabilities | 9.4 | 7.3 | 0.0 | 0.1 | 9.4 | 7.4 |
| Long-term liabilities | <u>47.0</u> | <u>45.4</u> | <u>0.1</u> | <u>0.1</u> | <u>47.1</u> | <u>45.5</u> |
| Total liabilities | <u>56.4</u> | <u>52.7</u> | <u>0.1</u> | <u>0.2</u> | <u>56.5</u> | <u>52.9</u> |
| Net investment in capital assets | 22.5 | 16.7 | 1.0 | 1.0 | 23.5 | 17.7 |
| Restricted | 5.3 | 5.6 | - | - | 5.3 | 5.6 |
| Unrestricted | <u>10.0</u> | <u>13.2</u> | <u>0.3</u> | <u>0.3</u> | <u>10.3</u> | <u>13.5</u> |
| Total net position | <u>\$37.8</u> | <u>\$ 35.5</u> | <u>\$ 1.3</u> | <u>\$ 1.3</u> | <u>\$39.0</u> | <u>\$36.8</u> |

At December 31, 2015, the restricted portion of the County's net position, \$5.3 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance includes \$23.5 million of equity related to capital assets and \$10.2 million in unrestricted net assets that may be used to meet the government's ongoing obligations to citizens and creditors. During 2015, current assets decreased by \$3.9 million due to the reduction in cash of \$13.5 million, offset by the increase in receivables and prepaid items, \$9.1 million and \$500,000, respectively, all due to the State budget impasse. Capital assets increased by \$2.2 million due to the continuing construction/renovation of the Temple Court building to be occupied by court staff, once completed.

COUNTY OF CENTRE, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015

CONDENSED STATEMENT OF ACTIVITIES

December 31, 2015 and 2014

(in millions)

| | GOVERNMENTAL | | BUSINESS-TYPE | | TOTAL | |
|-------------------------------------|-------------------|----------------|-------------------|---------------|-------------------|----------------|
| | <u>ACTIVITIES</u> | | <u>ACTIVITIES</u> | | <u>ACTIVITIES</u> | |
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| REVENUES: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 12.2 | \$ 13.0 | \$ 2.5 | \$ 1.6 | \$ 14.7 | \$ 14.6 |
| Operating grants and contributions | 25.5 | 24.6 | - | - | 25.5 | 24.6 |
| Capital grants and contributions | 0.4 | 2.1 | - | - | 0.4 | 2.1 |
| General revenues: | | | | | | |
| Property taxes | 26.4 | 26.1 | - | - | 26.4 | 26.1 |
| Unrestricted investment earnings | <u>0.2</u> | <u>0.3</u> | <u>-</u> | <u>-</u> | <u>0.2</u> | <u>0.3</u> |
| Total revenues | 64.7 | 66.1 | 2.5 | 1.6 | 67.2 | 67.7 |
| EXPENSES: | | | | | | |
| General government: | 21.7 | 19.5 | - | - | 21.7 | 19.5 |
| Public safety | 13.1 | 12.8 | - | - | 13.1 | 12.8 |
| Public works | 0.3 | 0.2 | - | - | 0.3 | 0.2 |
| Human services | 23.8 | 23.8 | - | - | 23.8 | 23.8 |
| Culture and recreation | 0.5 | 0.5 | - | - | 0.5 | 0.5 |
| Conservation and development | 1.8 | 1.6 | - | - | 1.8 | 1.6 |
| Interest on long-term debt | 1.1 | 1.2 | - | - | 1.1 | 1.2 |
| 911 emergency response | <u>-</u> | <u>-</u> | <u>2.7</u> | <u>2.4</u> | <u>2.7</u> | <u>2.4</u> |
| Total expenses | <u>62.3</u> | <u>59.6</u> | <u>2.7</u> | <u>2.4</u> | <u>65.0</u> | <u>62.0</u> |
| Increase (decrease) in net position | | | | | | |
| Before transfers | 2.4 | 6.5 | (0.2) | (0.8) | 2.2 | 5.7 |
| Transfers | <u>(0.1)</u> | <u>(0.6)</u> | <u>0.1</u> | <u>0.6</u> | <u>-</u> | <u>-</u> |
| Change in net position | 2.3 | 5.9 | (0.1) | (0.2) | 2.2 | 5.7 |
| Net position – beginning, restated | <u>35.5</u> | <u>29.6</u> | <u>1.3</u> | <u>1.5</u> | <u>36.8</u> | <u>31.1</u> |
| Net position – ending | <u>\$ 37.8</u> | <u>\$ 35.5</u> | <u>\$ 1.2</u> | <u>\$ 1.3</u> | <u>\$ 39.0</u> | <u>\$ 36.8</u> |

Restatement of the 2015 beginning net position is due to the County implementing Governmental Accounting Standards Board (GASB) Statement No. 68, which requires the County to record the actuarial determined pension liability. At the end of 2015, the County is able to report a positive balance of \$39.0 million in total net position. The County's overall financial position improved, as reflected in the \$2.2 million increase in net position. See below for detailed explanation of change in total net position.

GOVERNMENTAL ACTIVITIES

Governmental activities *increased* the County's net position by \$2.3 million. Key elements of this increase include:

- Cost containment policies and procedures implemented by the County during the State budget impasse.
- The County's real estate market is continuing its turn-around from economic recession, as reflected in the real estate revenues received; \$310,000 over the previous year. The County has not imposed any real estate tax increases since 2010, when a 1.5 mil increase was imposed. Subsequently, in 2011, the County reduced real estate taxes by .25 mills; this shows that in 2015 the real estate market is continually stable.

BUSINESS-TYPE ACTIVITIES

Business-type activities decreased the County's net position by \$100,000, which is attributed to 911's fee structure not covering the operational expenditures of the department. In August 2015, the State has addressed the ongoing concern of operational deficiency by enacting Act 12. The operating fee structure has been evaluated State-wide and will address the ongoing concern of operational deficiency.

Financial Analysis of the Government's Funds

As noted, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

On December 31, 2015, the County's governmental funds reported combined ending fund balances of \$19,742,000, a decrease of \$2.0 million compared to the prior year.

Proprietary funds - The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the County's Enterprise funds at the end of the year amounted to \$254,000 and those for the Internal Service funds amounted to \$1,996,000. The total decrease in net position for the Enterprise funds was \$104,000. The total decrease in net position for the Internal Service funds was \$149,000. Other factors concerning the finances of the Enterprise funds have already been addressed in the discussion of the County's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund final expenditure budget for fiscal year 2015 was approximately \$38.5 million. This was an increase of \$1,251,000 over the previous year amended budget, which represents a 0.03 percent increase.

The General Fund budget complied with financial policies approved by the Board of County Commissioners. The 2015 original revenue budget was increased by \$1,112,000 and the expenditure budget increased by \$1,231,000 from its original.

FINANCIAL ANALYSIS OF THE MAJOR FUNDS

General Fund

The General Fund is the primary operating fund of the County. On December 31, 2015, the unassigned fund balance of the General Fund was \$8,979,000 while total fund balance equaled \$13,196,000. The total fund balance of the County's General Fund increased by \$2.6 million during 2015. As a measure of the General Fund's liquidity, the unassigned fund balance represents 25.8 percent of the total General Fund expenditures, net of inter-fund transfers, or 94 days.

Revenues of the General Fund totaled \$37,474,000 for the year ended December 31, 2015, which represents an increase of \$534,000 or 1.4 percent improvement over 2014 levels. The following represents a summary of General Fund revenue with budget comparison by source (in thousands):

COUNTY OF CENTRE, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015

| | <u>Budget</u> | <u>2015 Actual</u> | <u>Variance</u> | <u>Budget</u> | <u>2014 Actual</u> | <u>Variance</u> |
|------------------------------------------------|---------------------|------------------------|------------------|---------------------|------------------------|------------------|
| REVENUES: | | | | | | |
| Real estate taxes | \$22,374 | \$22,368 | \$ (6) | \$22,355 | \$22,195 | \$(160) |
| Grants, gifts and payments in lieu of taxes | 3,453 | 3,235 | (218) | 2,991 | 2,972 | (19) |
| Court costs | 1,140 | 1,209 | 69 | 1,349 | 1,125 | (224) |
| Fines and forfeits | 190 | 227 | 37 | 222 | 190 | (32) |
| Interest and rents | 217 | 193 | (24) | 226 | 245 | 19 |
| Charges for services | 9,626 | 10,062 | 436 | 9,357 | 10,057 | 700 |
| Contributions and other revenues | <u>343</u> | <u>180</u> | <u>(163)</u> | <u>53</u> | <u>156</u> | <u>103</u> |
| Total revenues | <u>\$37,343</u> | <u>\$37,474</u> | <u>\$131</u> | <u>\$36,553</u> | <u>\$36,940</u> | <u>\$387</u> |

The negative variance of \$160,000 in Real Estate Taxes for 2014 is attributed to budgeting prior year and delinquent tax collection at a level that was not matched with what was collected; budgeted levels for 2015 were obtainable. The \$218,000 negative variance for 2015, relating to grants, gifts and payments in lieu of taxes, is attributable to grant reimbursement amounts not being received and/or requested for work yet to be performed. The \$224,000 negative variance for 2014 in court cost was caused by the reduction in the case-loads managed by the County's magistrate offices and the fees collected on those cases; 2015 budgeting has rectified this variance. The \$436,000 and \$700,000 positive variance for 2015 and 2014, respectively, is attributed to re-expanding the State and out-of-County inmate population at the County Prison. The 2015 negative \$163,000 variance, relating to contributions and other revenues, correlates to the non-use of budgeted affordable housing dollars. The positive variance of \$103,000 for 2014, in contributions and other revenues, is due to multiple drug forfeitures received, which were not included in the budgeting process.

General Fund expenditures totaled \$31,647,000, which represents an increase of \$518,000 or 0.02 percent from 2014. The following represents a summary of General Fund expenditures with budget comparison for the year ended December 31, 2015 (in thousands).

COUNTY OF CENTRE, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015

| | <u>Budget</u> | <u>2015 Actual</u> | <u>Variance</u> | <u>Budget</u> | <u>2014 Actual</u> | <u>Variance</u> |
|------------------------------|-----------------|------------------------|-----------------|-----------------|------------------------|-----------------|
| EXPENDITURES: | | | | | | |
| General government: | | | | | | |
| Administration | \$10,648 | \$9,441 | \$1,207 | \$9,961 | \$9,048 | \$913 |
| Judicial | 7,880 | 7,495 | 385 | 8,122 | 7,684 | 438 |
| Public safety | 13,215 | 12,027 | 1,188 | 12,400 | 12,064 | 336 |
| Public works | 124 | 124 | - | 80 | 80 | - |
| Human services | 195 | 170 | 25 | 147 | 147 | - |
| Culture and recreation | 546 | 546 | - | 546 | 546 | - |
| Conservation and Development | <u>2,134</u> | <u>1,844</u> | <u>290</u> | <u>1,707</u> | <u>1,560</u> | <u>147</u> |
| Total expenditures | <u>\$34,742</u> | <u>\$31,647</u> | <u>\$3,095</u> | <u>\$32,963</u> | <u>\$31,129</u> | <u>\$1,834</u> |

The major element of the positive budget variance of \$1,207,000 and \$913,000 for 2015 and 2014, respectively, in *Administration* relates to the continued cost containment measures the County has implemented over the past several years. Items relative to cost containment that had been budgeted for but not utilized include: computer software and equipment, building repairs and maintenance, and contracted professional services. The major elements of the \$385,000 and \$438,000, 2015 and 2014, respectively, positive budget variance in *Judicial* relate to contracted professional services not being utilized at the levels budgeted for throughout the both years. The major elements for the 2015 positive budget variance of \$1.2 million in *Public Safety* relates to the monitoring of expenditures at the County Prison; Wages - budgeted \$6.1 million, expended \$5.8 million, Food and Provisions - budgeted \$483,663, expended \$387,941, Buildings and Improvements - budgeted \$84,200, expended \$2,047. Also in 2015, use of Purchased Client Services in the Juvenile Probation Department was under-utilized; budgeted \$798,251, expended \$454,948. In 2014, the major elements of the \$336,000 positive budget variance in *Public Safety* relate to the monitoring of wages at the County Prison; budgeted \$4.0 million, expended \$3.6 million. The major elements of the \$290,000 and \$147,000, for 2015 and 2014, respectively, positive budget variance for *Conservation and Development* relate to a reduction in purchased client services and construction projects; all grant-related activities.

General Fund Original and Final Amended Budget

The final amended budgeted revenues in 2015 were \$37,343,000 compared to the original budgeted revenues of \$36,231,000. The \$1,112,000 positive budget variance in the final amended budgeted revenues is related to grants that were awarded after the original budget was completed. The final amended budgeted expenses in 2015 were \$34,741,000 compared to the original budgeted expenses of \$33,153,000. The major elements of the \$1,589,000 negative budget variance relate to the expenses related to grants that were awarded after the original budget was completed.

HUMAN SERVICE – SPECIAL REVENUE FUNDS

The Children & Youth and the Mental Health/Intellectual Disability funds' revenues are derived from specific sources and are designated for specific uses. Such funds, primarily Commonwealth of Pennsylvania and federal grants, are restricted by law or other formal action to expenditures for specific purposes. The Children & Youth and Mental Health/Intellectual Disability funds had a combined deficiency of revenues over expenditures of approximately \$1,446,000 and \$1,264,000 before transfers-in from the General Fund for the years ended December 31, 2015 and 2014, respectively. These transfers represent the local share (expenditures less grants and charges for services) of funding the operations of the Special Revenue funds. The net transfer, or local share, was \$287,290 under the budgeted amount for the year ended December 31, 2015 and \$402,540 over the budgeted amount for the year ended December 31, 2014. Management had made the decision to not fund the 2012 year-end shortfall for Mental Health/Intellectual Disability, which accounted to a negative ending fund balance of \$443,863 in 2012, which had been reduced to \$443,452 in 2013. Management made the decision to fund the negative fund balance of \$443,452 in 2014. These funds' financial statements are included with the statements on pages 33-34 of this report.

DEBT SERVICE

The Debt Service Fund's total fund balances at December 31, 2015 and 2014 were \$1,006,054 and \$1,654,613, respectively. The Debt Service Fund reported no new issuance of debt for the current year.

CAPITAL PROJECTS FUND

The County's Capital Projects Fund accounts for financial resources expended to acquire or construct property and capital assets. During the years ended December 31, 2015 and 2014, the County expended \$5,361,000 and \$5,682,000, respectively, for such projects. The Capital Projects Fund's balance at year-end totaled \$4,568,000, which is a decrease of \$4,097,000, compared to the prior year. This decrease is attributed to the ongoing construction/renovation project occurring at the Temple Court Building for the future expansion of office space available for the County courts system; monies are being used from the 2012 Series B bond issue.

OTHER GOVERNMENTAL – SPECIAL REVENUE FUNDS

The County maintains nine Special Revenue funds. Seven of these funds have been designated as *non-major funds*, which contain the following activities:

| <u>Fund</u> | <u>Activities</u> |
|----------------------|-------------------|
| Domestic Relations | Judicial |
| Liquid Fuels | Public works |
| Agriculture Easement | Conservation |
| Hazardous Material | Public safety |
| Aging | Human services |
| Drug & Alcohol | Human services |
| Adult Services | Human services |

Operating revenues and expenditures totaled \$5,828,000 and \$6,356,000, respectively, for 2015, which represents a deficiency of \$527,000 before transfers. Transfers from the General Fund totaled \$1,002,000. The non-major financial statements can be found on pages 82-86.

PENSION TRUST FUND

The Centre County Employees' Retirement Trust Fund is a single-employer defined benefit pension trust fund used to account for the Employee Retirement Plan contributions of the County and its employees and related benefit payments and other plan costs. The Pension Trust Fund had net assets of \$98,084,709 and \$101,887,875, respectively, for the years ended December 31, 2015 and 2014. During the years ended December 31, 2015 and 2014, net position of the Pension Trust Fund balance decreased by \$3,803,166 (3.88%) and increased by \$2,941,000 (2.89%), respectively. The decrease and increase in 2015 and 2014, respectively, were primarily due to investment gains. The County transferred the Certified Actuarially Determined Contribution of \$1,591,049 (2015) and \$2,064,993 (2014) from the General Fund to the Retirement Trust Fund. The plan is fully funded in accordance with the Annual Actuarial Valuation.

CAPITAL ASSETS

The County's investment in capital assets for its governmental and business-type activities at December 31, 2015 and 2014 amounted to \$59,109,875 and \$56,998,191, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and improvements.

COUNTY OF CENTRE, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015

| <u>December 31, 2015:</u> | <u>Governmental Activities</u> | <u>Business-type Activity</u> | <u>Total</u> |
|--------------------------------------|------------------------------------|-----------------------------------|---------------------|
| Construction in progress | \$5,941,845 | \$ - | \$5,941,845 |
| Buildings, land, and improvements | 34,953,886 | 296,461 | 35,250,347 |
| Furniture and equipment | 16,306,725 | 666,507 | 16,973,232 |
| Vehicles | <u>944,451</u> | <u>-</u> | <u>944,451</u> |
| | <u>\$58,146,907</u> | <u>\$962,968</u> | <u>\$59,109,875</u> |

| <u>December 31, 2014:</u> | <u>Governmental Activities</u> | <u>Business-type Activity</u> | <u>Total</u> |
|--------------------------------------|------------------------------------|-----------------------------------|---------------------|
| Construction in progress | \$1,483,779 | \$ - | \$1,483,779 |
| Buildings, land, and improvements | 36,245,913 | 320,365 | 36,566,278 |
| Furniture and equipment | 17,387,470 | 746,235 | 18,133,705 |
| Vehicles | <u>814,429</u> | <u>-</u> | <u>814,429</u> |
| | <u>\$55,931,591</u> | <u>\$1,066,600</u> | <u>\$56,998,191</u> |

As evidenced above, construction in progress related to the County's governmental activities increased by \$4.5 million during 2015. This increase is due to the County's continual construction in progress relating to renovations to the Temple Court Building. These renovations are to make additional office space for the court-related offices, freeing up space in the County's Courthouse. This new project is expected to be completed by the middle to end of 2016. Buildings, land, and improvements related to the County's governmental and business-type activities decreased by \$1.3 million during 2015. This decrease is due to the annual depreciation for the year. Furniture and equipment and vehicles related to the County's governmental activities decreased approximately \$1,030,000 during 2015. The decrease in furniture and equipment is also attributed to the yearly depreciation of County assets. The County purchased additional fleet vehicles in 2015, which contributes to the increase in this asset line item from 2014 of approximately \$130,000. See Note 9 on page 58 of this report for detailed information on capital asset activity.

LONG-TERM DEBT

The County's net general obligation bond debt of \$34,093,000 at year-end was well below the legal limit of \$133,219,000. Activity related to the County's long-term debt for the years ended December 31, 2015 and 2014 is as follows:

COUNTY OF CENTRE, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015

| | Governmental Activities | Total |
|----------------------------------------------|----------------------------|---------------------|
| Bonds and notes payable at January 1, 2014 | \$40,604,347 | \$40,604,347 |
| Bonds and notes issued | - | - |
| Bonds and notes refinanced | - | - |
| Bonds and notes reclassified | - | - |
| Bond and notes payments | <u>(3,098,741)</u> | <u>(3,098,741)</u> |
| Bonds and notes payable at December 31, 2014 | 37,505,606 | 37,505,606 |
| Bonds and notes issued | - | - |
| Bonds and notes refinanced | - | - |
| Bonds and notes reclassified | - | - |
| Bond and notes issued payments | <u>(3,412,606)</u> | <u>(3,412,606)</u> |
| Bonds payable at December 31, 2015 | <u>\$34,093,000</u> | <u>\$34,093,000</u> |

In 2015, the County issued no new debt. All debt for the County is considered governmental activity, a management decision established in 2013. Additional information on the County's long-term debt can be found at Note 10 on page 59 of this report.

The County maintains an "AA" rating from Standard & Poor's Rating Services for general obligation debt.

ECONOMIC CONDITION AND NEXT YEAR'S BUDGETS AND RATES

The unemployment rate in the County was 3.0 percent at the end of 2015, which is a 0.7 percent decrease from the 2014 level of 3.7%. This compares favorably with Pennsylvania's unemployment rate of 4.1 percent and the nation's rate of 5.0 percent at the end of 2015. The County is in a period of stability with minimal to average growth.

REQUESTS FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Controller, County of Centre, Willowbank Office Building, 420 Holmes Street, Bellefonte, PA 16823.

Complete financial statements for the individual component units can be obtained from their respective administrative offices as follows:

- Centre County Conservation District
Willowbank Building
Bellefonte, PA 16823
- Centre County Recycling Refuse Authority
253 Transfer Road
Bellefonte, PA 16823

County of Centre, Pennsylvania
Statement of Net Position

December 31, 2015

| | Primary Government | | | Component Units | |
|-------------------------------------------------------------------|-------------------------|--------------------------|----------------------|-----------------------|----------------------------|
| | Governmental Activities | Business-type Activities | Total | Conservation District | Recycling Refuse Authority |
| Assets | | | | | |
| Cash and cash equivalents | \$ 13,082,902 | \$ 56,629 | \$ 13,139,531 | \$ 609,074 | \$ 3,593,277 |
| Cash with fiscal agent | 409,663 | - | 409,663 | - | - |
| Receivables (net of allowance for uncollectibles, as applicable): | | | | | |
| Taxes | 1,158,861 | - | 1,158,861 | - | - |
| Accounts | 12,915 | 622,208 | 635,123 | 137,727 | 723,073 |
| Grants | 6,189,284 | - | 6,189,284 | - | 615,000 |
| Other | 5,146,619 | - | 5,146,619 | - | - |
| Internal Balances | 303,278 | (303,278) | - | - | - |
| Loans receivable (net of allowance of uncollectibles) | 1,003,887 | - | 1,003,887 | - | - |
| Prepaid items and inventory | 685,384 | 40,250 | 725,634 | - | 74,837 |
| Capital assets not being depreciated: | | | | | |
| Construction in progress | 5,941,845 | - | 5,941,845 | - | 1,876,846 |
| Land and improvements | 1,867,185 | - | 1,867,185 | - | 382,572 |
| Capital assets (net of accumulated depreciation): | | | | | |
| Buildings and improvements | 33,086,701 | 296,461 | 33,383,162 | - | 8,039,742 |
| Furniture and improvements | 16,306,725 | 666,506 | 16,973,231 | - | 481,590 |
| Vehicles | 944,451 | - | 944,451 | - | 676,842 |
| Total assets | <u>86,139,700</u> | <u>1,378,776</u> | <u>87,518,476</u> | <u>746,801</u> | <u>16,463,779</u> |
| Deferred Outflows of Resources | | | | | |
| Related to pensions | 7,544,243 | - | 7,544,243 | - | - |
| Deferred charge on refunding | 436,138 | - | 436,138 | - | - |
| Total deferred outflows of resources | <u>7,980,381</u> | <u>-</u> | <u>7,980,381</u> | <u>-</u> | <u>-</u> |
| Liabilities | | | | | |
| Accounts payable and accrued expense | 3,554,483 | 39,748 | 3,594,231 | 136,673 | 1,279,229 |
| Accrued interest payable | 515,174 | - | 515,174 | - | - |
| Accrued payroll liabilities | 467,955 | 23,370 | 491,325 | - | - |
| Unearned revenue | 1,371,436 | - | 1,371,436 | - | - |
| Noncurrent liabilities: | | | | | |
| Portion due or payable within one year: | | | | | |
| Bonds and notes payable, net | 3,300,000 | - | 3,300,000 | - | 565,057 |
| Capital lease payable | 36,437 | - | 36,437 | - | 65,213 |
| Compensated absences | 108,543 | 4,914 | 113,457 | - | - |
| Portion due or payable after one year: | | | | | |
| Bonds and notes payable, net | 32,729,856 | - | 32,729,856 | - | 2,687,019 |
| Capital lease payable | 21,995 | - | 21,995 | - | 285,890 |
| Compensated absences | 2,062,314 | 93,372 | 2,155,686 | - | - |
| Other postemployment benefits | 1,045,218 | - | 1,045,218 | - | - |
| Net pension liability | 11,136,398 | - | 11,136,398 | - | - |
| Landfill post-closure liability | - | - | - | - | 29,145 |
| Total liabilities | <u>56,349,809</u> | <u>161,404</u> | <u>56,511,213</u> | <u>136,673</u> | <u>4,911,553</u> |
| Net Position | | | | | |
| Net investment in capital assets | 22,494,757 | 962,967 | 23,457,724 | - | 7,854,413 |
| Restricted for: | | | | | |
| Judicial | 413,193 | - | 413,193 | - | - |
| Public works | 214,400 | - | 214,400 | - | - |
| Conservation and development | 2,084,101 | - | 2,084,101 | 308,228 | - |
| Public safety | 956,750 | - | 956,750 | - | - |
| Human services | 40,000 | - | 40,000 | - | - |
| Debt service | 1,006,054 | - | 1,006,054 | - | - |
| Records management and data automation | 546,872 | - | 546,872 | - | - |
| Unrestricted | <u>10,014,145</u> | <u>254,405</u> | <u>10,268,550</u> | <u>301,900</u> | <u>3,697,813</u> |
| Total net position | <u>\$ 37,770,272</u> | <u>\$ 1,217,372</u> | <u>\$ 38,987,644</u> | <u>\$ 610,128</u> | <u>\$ 11,552,226</u> |

The notes to financial statements are an integral part of this statement.

County of Centre, Pennsylvania

Statement of Activities

Year Ended December 31, 2015

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | | |
|---------------------------------------------|---------------|-------------------------|------------------------------------------|----------------------------------------|------------------------------------------------------|-----------------------------|-----------------|--------------------------|-------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | Component Units | | |
| | | | | | Government Activities | Business-type Activities | Total | Conservation District | Recycling Refuse Authority |
| Primary Government | | | | | | | | | |
| Government activities: | | | | | | | | | |
| General government: | | | | | | | | | |
| Administrative | \$ 12,807,501 | \$ 5,795,344 | \$ 1,558,831 | \$ - | \$ (5,453,326) | \$ - | \$ (5,453,326) | | |
| Judicial | 8,923,125 | 2,147,784 | 1,438,860 | - | (5,336,481) | - | (5,336,481) | | |
| Public safety | 13,077,015 | 3,581,509 | 530,118 | - | (8,965,388) | - | (8,965,388) | | |
| Public works | 302,748 | - | 309,925 | - | 7,177 | - | 7,177 | | |
| Human services | 23,771,744 | 403,761 | 20,963,475 | 376,892 | (2,027,616) | - | (2,027,616) | | |
| Culture and recreation | 546,188 | - | - | - | (546,188) | - | (546,188) | | |
| Conservation and development | 1,830,417 | 278,152 | 731,588 | - | (820,677) | - | (820,677) | | |
| Interest on long-term debt | 1,082,142 | - | - | - | (1,082,142) | - | (1,082,142) | | |
| Total governmental activities | 62,340,880 | 12,206,550 | 25,532,797 | 376,892 | (24,224,641) | - | (24,224,641) | | |
| Business-type activities: | | | | | | | | | |
| 911 emergency response | 2,673,546 | 2,504,933 | - | - | - | (168,613) | (168,613) | | |
| Total business-type activities | 2,673,546 | 2,504,933 | - | - | - | (168,613) | (168,613) | | |
| Total primary government | \$ 65,014,426 | \$ 14,711,483 | \$ 25,532,797 | \$ 376,892 | (24,224,641) | (168,613) | (24,393,254) | | |
| Component Units | | | | | | | | | |
| Conservation District | \$ 1,054,550 | \$ 92,872 | \$ 1,123,028 | | | | | \$ 161,350 | \$ - |
| Recycling Refuse Authority | 10,083,732 | 9,311,171 | 682,674 | | | | | - | (89,887) |
| Total component units | \$ 11,138,282 | \$ 9,404,043 | \$ 1,805,702 | | | | | 161,350 | (89,887) |
| General revenues: | | | | | | | | | |
| Property taxes, levied for general purposes | | | | | 22,368,203 | - | 22,368,203 | - | - |
| Property taxes, levied for debt service | | | | | 4,021,020 | - | 4,021,020 | - | - |
| Unrestricted investment earnings | | | | | 222,616 | 333 | 222,949 | 386 | 7,626 |
| Transfers | | | | | (64,648) | 64,648 | - | - | - |
| Total general revenues and transfers | | | | | 26,547,191 | 64,981 | 26,612,172 | 386 | 7,626 |
| Change in net position | | | | | 2,322,550 | (103,632) | 2,218,918 | 161,736 | (82,261) |
| Net position - beginning, restated | | | | | 35,447,722 | 1,321,004 | 36,768,726 | 448,392 | 11,634,487 |
| Net position - ending | | | | | \$ 37,770,272 | \$ 1,217,372 | \$ 38,987,644 | \$ 610,128 | \$ 11,552,226 |

The notes to financial statements are an integral part of this statement.

County of Centre, Pennsylvania

Balance Sheet
Governmental Funds
December 31, 2015

| | | Special Revenue | | | | Other | Total |
|---------------------------------------------------------------------------|----------------------|---------------------|---------------------------------------------|---------------------|---------------------|-----------------------------|----------------------|
| | General | Children & Youth | Mental Health/ Intellectual Disabilities | Debt Service | Capital Projects | Nonmajor Governmental Funds | Governmental Funds |
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 3,177,781 | \$ 350 | \$ - | \$ 529,174 | \$ 6,403,597 | \$ 1,009,608 | \$ 11,120,510 |
| Cash with fiscal agent | - | - | - | 409,663 | - | - | 409,663 |
| Receivables: | | | | | | | |
| Taxes | 981,943 | - | - | 176,918 | - | - | 1,158,861 |
| Grants | 453,132 | 5,109,002 | - | - | - | 627,150 | 6,189,284 |
| Other | 848,730 | 46,994 | 2,847,311 | - | 6,819 | 1,308,867 | 5,058,721 |
| Due from other funds | 8,466,612 | - | - | - | - | - | 8,466,612 |
| Loans receivable (net of uncollectable) | 1,003,887 | - | - | - | - | - | 1,003,887 |
| Prepaid items and inventory | 502,024 | 30 | 11,617 | - | - | 4,422 | 518,093 |
| Total assets | \$ 15,434,109 | \$ 5,156,376 | \$ 2,858,928 | \$ 1,115,755 | \$ 6,410,416 | \$ 2,950,047 | \$ 33,925,631 |
| Liabilities | | | | | | | |
| Liabilities : | | | | | | | |
| Accounts payable and accruals | \$ 731,255 | \$ 387,690 | \$ 481,577 | \$ - | \$ 1,526,027 | \$ 289,273 | \$ 3,415,822 |
| Accrued payroll | 342,824 | 40,023 | 37,179 | - | - | 44,015 | 464,041 |
| Accrued payroll liabilities | 3,914 | - | - | - | - | - | 3,914 |
| Unearned revenue | 553,380 | 11,814 | 270,472 | - | 316,364 | 267,397 | 1,419,427 |
| Due to other funds | - | 4,716,849 | 2,069,700 | - | - | 1,376,785 | 8,163,334 |
| Total liabilities | 1,631,373 | 5,156,376 | 2,858,928 | - | 1,842,391 | 1,977,470 | 13,466,538 |
| Deferred Inflows of Resources | | | | | | | |
| Unavailable revenue-property taxes | 606,695 | - | - | 109,701 | - | - | 716,396 |
| Total deferred inflows of resources | 606,695 | - | - | 109,701 | - | - | 716,396 |
| Fund balances: | | | | | | | |
| Nonspendable | 502,024 | 30 | 11,617 | - | - | 4,422 | 518,093 |
| Restricted | 3,285,163 | - | - | 1,006,054 | - | 970,153 | 5,261,370 |
| Assigned | 429,498 | - | - | - | 4,568,025 | - | 4,997,523 |
| Unassigned | 8,979,356 | (30) | (11,617) | - | - | (1,998) | 8,965,711 |
| Total fund balances | 13,196,041 | - | - | 1,006,054 | 4,568,025 | 972,577 | 19,742,697 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 15,434,109 | \$ 5,156,376 | \$ 2,858,928 | \$ 1,115,755 | \$ 6,410,416 | \$ 2,950,047 | |

Amounts reported for governmental activities in the statement of net position are different because:

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | \$ 58,146,907 |
| Property taxes receivable will be collected in the future, but are not available to pay for the current period's expenditures and, therefore, are reported as unavailable revenue in the funds. | 716,396 |
| Governmental funds report the effect of discounts, premiums, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities over the life of the bonds. | (1,500,718) |
| Internal service funds are used by management to charge the costs of transportation services and management information systems to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. | 2,081,394 |
| Accrued interest payable included on the statement of net position. | (515,174) |
| The actuarially accrued net pension liability and deferred outflows of resources for pensions are not recorded on the fund financial statements. | (3,592,155) |
| Long-term liabilities, including bonds payable and notes payable are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities consist of: | |
| Compensated absences | \$ (2,170,857) |
| Other post-employment benefits liability | (1,045,218) |
| Bonds and notes payables | (34,093,000) |
| | <u>(37,309,075)</u> |

Net position of governmental activities **\$ 37,770,272**

The notes to financial statements are an integral part of this statement.

County of Centre, Pennsylvania
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the Year Ended December 31, 2015

| | General | Special Revenue | | | Debt Service | Capital Projects | Other Nonmajor Governmental Funds | Total Governmental Funds |
|------------------------------------------------------------------|----------------------|--------------------|-----------------------------------------|---------------------|---------------------|-------------------|-----------------------------------|--------------------------|
| | | Children & Youth | Mental Health/Intellectual Disabilities | | | | | |
| Revenues | | | | | | | | |
| Real estate taxes | \$ 22,368,203 | \$ - | \$ - | \$ 4,001,407 | \$ - | \$ - | \$ - | \$ 26,369,610 |
| Grants, gifts and payments in lieu of taxes | 3,234,961 | 8,273,254 | 6,959,406 | - | - | 5,671,109 | - | 24,138,730 |
| Court costs | 1,209,097 | - | - | - | - | - | - | 1,209,097 |
| Fines and forfeits | 226,795 | - | - | - | - | - | - | 226,795 |
| Interest and rents | 192,926 | - | 17,199 | 10,570 | - | 1,917 | - | 222,612 |
| Charges for services | 10,062,061 | 129,841 | 212,224 | - | - | 103,208 | - | 10,507,334 |
| Contributions and other revenues | 179,525 | - | 15,944 | - | 2,048 | 52,145 | - | 249,662 |
| Total revenues | 37,473,568 | 8,403,095 | 7,204,773 | 4,011,977 | 2,048 | 5,828,379 | | 62,923,840 |
| Expenditures | | | | | | | | |
| Current: | | | | | | | | |
| General government: | | | | | | | | |
| Administration | 9,441,425 | - | - | - | - | - | - | 9,441,425 |
| Judicial | 7,475,281 | - | - | - | - | 1,152,244 | - | 8,627,525 |
| Public safety | 12,027,329 | - | - | - | - | 35,574 | - | 12,062,903 |
| Public works | 123,983 | - | - | - | - | 178,765 | - | 302,748 |
| Human services | 169,883 | 9,564,247 | 7,489,138 | - | - | 4,989,273 | - | 22,212,541 |
| Culture and recreation | 546,188 | - | - | - | - | - | - | 546,188 |
| Conservation and development | 1,843,815 | - | - | - | - | - | - | 1,843,815 |
| Debt service: | | | | | | | | |
| Principal | 19,384 | - | - | 3,135,000 | 258,222 | - | - | 3,412,606 |
| Interest | - | - | - | 1,260,388 | - | - | - | 1,260,388 |
| Other cost | - | - | - | 2,700 | - | - | - | 2,700 |
| Capital outlay | - | - | - | - | 5,102,951 | - | - | 5,102,951 |
| Total expenditures | 31,647,288 | 9,564,247 | 7,489,138 | 4,398,088 | 5,361,173 | 6,355,856 | | 64,815,790 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 5,826,280 | (1,161,152) | (284,365) | (386,111) | (5,359,125) | (527,477) | | (1,891,950) |
| Other Financing Sources (Uses) | | | | | | | | |
| Transfers - in | 205,704 | 1,261,430 | 304,365 | - | 1,262,448 | 1,001,881 | - | 4,035,828 |
| Transfers - out | (3,383,574) | (100,278) | (20,000) | (262,448) | - | (397,237) | - | (4,163,537) |
| Total other financing sources (uses) | (3,177,870) | 1,161,152 | 284,365 | (262,448) | 1,262,448 | 604,644 | | (127,709) |
| Net Changes in Fund Balances | 2,648,410 | - | - | (648,559) | (4,096,677) | 77,167 | | (2,019,659) |
| Fund Balance, Beginning | 10,547,631 | - | - | 1,654,613 | 8,664,702 | 895,410 | | 21,762,356 |
| Fund Balance, Ending | \$ 13,196,041 | \$ - | \$ - | \$ 1,006,054 | \$ 4,568,025 | \$ 972,577 | | \$ 19,742,697 |

The notes to financial statements are an integral part of this statement.

County of Centre, Pennsylvania

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2015

**Amounts reported for governmental activities in the statement of activities
(page 32) are different because:**

Net change in fund balances - total governmental funds (page 34) \$ (2,019,659)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

This is the amount by which capital outlays exceeded depreciation expense in the current period.

| | | |
|----------------------|-----------------|-----------|
| Capital outlays | \$ 5,461,199 | |
| Depreciation expense | (3,231,670) | |
| Loss on disposals | <u>(14,213)</u> | |
| | | 2,215,316 |

Some taxes will not be collected for several months after the County's year end, they are not considered as "available" revenues in the governmental funds. Unavailable revenues decreased by this amount during the year.

19,613

The issuance of long-term debt (bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This transaction, however, does not have an effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. Reconciling items related to long-term debt activity for the year ended December 31, 2015 are as follows:

| | | |
|-------------------------------------------------------------|--------------|-----------|
| Scheduled principal payments on long-term debt made in 2015 | 3,412,606 | |
| Amortization of bond premium | 249,808 | |
| Amortization of deferred charge on refunding | (90,401) | |
| Amortization of bond discount | <u>(897)</u> | |
| | | 3,571,116 |

Accrued interest expense on long-term debt is reported in the statement of activities but does not require the use of current financial resources. Therefore, accrued interest expense is not reported as expenditures in governmental funds. The net change in accrued interest expense is recorded in the statement of activities.

22,436

Internal service funds are used by management to charge the costs of transportation services and management information services to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

(478,494)

Change in other post employment benefits that are reflected on the statement of net position but are not considered a current expenditure in governmental funds.

(107,360)

Changes in the net pension liability and related deferred outflows of resources for pensions do not effect current financial resources and, therefore, are not reflected on the fund statements.

(846,324)

In the statement of activities, certain operating expenses - compensated absences (vacation and sick days) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used.

(54,094)

Change in net position of governmental activities (page 32)

\$ 2,322,550

The notes to financial statements are an integral part of this statement.

County of Centre, Pennsylvania**Statement of Revenues, Expenditures, and Changes in Fund Balances****Budget-to-Actual Comparison****General Fund**

Year Ended December 31, 2015

| | General Fund | | | |
|-------------------------------------------------|-------------------------|----------------------|----------------------|-------------------------------------------|
| | Budgeted Amounts | | Actual | Variance From Final Budget |
| | Original | Final | | |
| Revenues | | | | |
| Real estate taxes | \$ 22,373,703 | \$ 22,373,703 | \$ 22,368,203 | \$ (5,500) |
| Grants, gifts, and payments in lieu of taxes | 2,764,765 | 3,453,256 | 3,234,961 | (218,295) |
| Court costs | 1,139,700 | 1,139,700 | 1,209,097 | 69,397 |
| Fines and forfeits | 190,150 | 190,150 | 226,795 | 36,645 |
| Interest and rents | 217,147 | 217,147 | 192,926 | (24,221) |
| Charges for services | 9,484,806 | 9,626,618 | 10,062,061 | 435,443 |
| Contributions and other revenues | 61,064 | 342,639 | 179,525 | (163,114) |
| Total revenues | <u>36,231,335</u> | <u>37,343,213</u> | <u>37,473,568</u> | <u>130,355</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government: | | | | |
| Administration | 9,949,620 | 10,648,085 | 9,441,425 | 1,206,660 |
| Judicial | 7,760,924 | 7,879,880 | 7,475,281 | 404,599 |
| Public safety | 13,137,912 | 13,214,948 | 12,027,329 | 1,187,619 |
| Public works | 50,000 | 123,983 | 123,983 | - |
| Human services | 191,066 | 195,273 | 169,883 | 25,390 |
| Culture and recreation | 546,188 | 546,188 | 546,188 | - |
| Conservation and development | 1,517,319 | 2,133,542 | 1,843,815 | 289,727 |
| Debt service, principal | - | - | 19,384 | (19,384) |
| Total expenditures | <u>33,153,029</u> | <u>34,741,899</u> | <u>31,647,288</u> | <u>3,094,611</u> |
| Excess of Revenues Over Expenditures | <u>3,078,306</u> | <u>2,601,314</u> | <u>5,826,280</u> | <u>3,224,966</u> |
| Other Financing Sources (Uses) | | | | |
| Operating transfers - in | 712,656 | 723,118 | 205,704 | (517,414) |
| Operating transfers - out | (4,148,093) | (3,789,878) | (3,383,574) | 406,304 |
| Total other financing (uses), net | <u>(3,435,437)</u> | <u>(3,066,760)</u> | <u>(3,177,870)</u> | <u>(111,110)</u> |
| Net Changes in Fund Balances | <u>(357,131)</u> | <u>(465,446)</u> | <u>2,648,410</u> | <u>\$ 3,113,856</u> |
| Fund Balance, Beginning | <u>10,547,631</u> | <u>10,547,631</u> | <u>10,547,631</u> | |
| Fund Balance, Ending | <u>\$ 10,190,500</u> | <u>\$ 10,082,185</u> | <u>\$ 13,196,041</u> | |

The notes to financial statements are an integral part of this statement.

County of Centre, Pennsylvania

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget-to-Actual Comparison

Major Governmental Special Revenue Funds

Year Ended December 31, 2015

| | Children & Youth Fund | | | | Mental Health/Intellectual Disabilities Fund | | | |
|---------------------------------------------|-----------------------|------------------|--------------------|------------------|----------------------------------------------|------------------|------------------|------------------|
| | Budgeted Amounts | | Actual | Variance with | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts | Final Budget | Original | Final | Amounts | Final Budget |
| Revenues | | | | | | | | |
| Grants and gifts | \$ 8,721,914 | \$ 8,721,914 | \$ 8,273,254 | \$ (448,660) | \$ 7,511,971 | \$ 7,432,503 | \$ 6,959,406 | \$ (473,097) |
| Interest and rents | - | - | - | - | - | 6,000 | 17,199 | 11,199 |
| Charges for services | 101,500 | 101,500 | 129,841 | 28,341 | 126,314 | 278,237 | 212,224 | (66,013) |
| Contributions and other revenues | - | - | - | - | 6,000 | - | 15,944 | 15,944 |
| Total revenues | <u>8,823,414</u> | <u>8,823,414</u> | <u>8,403,095</u> | <u>(420,319)</u> | <u>7,644,285</u> | <u>7,716,740</u> | <u>7,204,773</u> | <u>(511,967)</u> |
| Expenditures | | | | | | | | |
| Current: | | | | | | | | |
| Human services | <u>9,756,499</u> | <u>9,740,026</u> | <u>9,564,247</u> | <u>175,779</u> | <u>7,984,285</u> | <u>8,016,740</u> | <u>7,489,138</u> | <u>527,602</u> |
| Excess of Expenditures Over Revenues | <u>(933,085)</u> | <u>(916,612)</u> | <u>(1,161,152)</u> | <u>(244,540)</u> | <u>(340,000)</u> | <u>(300,000)</u> | <u>(284,365)</u> | <u>15,635</u> |
| Other Financing Sources (Uses) | | | | | | | | |
| Operating transfers - in | 1,533,085 | 1,533,085 | 1,261,430 | (271,655) | 340,000 | 320,000 | 304,365 | (15,635) |
| Operating transfers - out | <u>(600,000)</u> | <u>(616,473)</u> | <u>(100,278)</u> | <u>516,195</u> | - | <u>(20,000)</u> | <u>(20,000)</u> | - |
| Total other financing sources, net | <u>933,085</u> | <u>916,612</u> | <u>1,161,152</u> | <u>244,540</u> | <u>340,000</u> | <u>300,000</u> | <u>284,365</u> | <u>(15,635)</u> |
| Net Changes in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> |
| Fund Balance, Beginning | | | - | | | | - | |
| Fund Balance, Ending | | | <u>\$ -</u> | | | | <u>\$ -</u> | |

The notes to financial statements are an integral part of this statement.

County of Centre, Pennsylvania

Statement of Net Position

Proprietary Funds

December 31, 2015

| | Business Type Activities Enterprise Funds | Governmental Activities- Internal Service Funds |
|------------------------------------------|-------------------------------------------------------|----------------------------------------------------------|
| | 911 | |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 56,629 | \$ 1,962,392 |
| Accounts receivable, net | 622,208 | 12,915 |
| Due from other governments | - | 87,898 |
| Prepaid items and inventory | 40,250 | 167,291 |
| Total current assets | 719,087 | 2,230,496 |
| Capital assets, | | |
| Land, buildings and equipment | 9,496,157 | 5,536,797 |
| Less accumulated depreciation | (8,533,190) | (3,771,616) |
| Capital assets, net | 962,967 | 1,765,181 |
| Total assets | 1,682,054 | 3,995,677 |
| Liabilities | | |
| Current liabilities: | | |
| Current portion of capital lease payable | - | 36,437 |
| Accounts payable and accrued expense | 39,748 | 138,661 |
| Salaries and benefits payable | 23,370 | - |
| Unearned revenue | - | 2,706 |
| Due to other funds | 303,278 | - |
| Compensated absences | 4,914 | - |
| Total current liabilities | 371,310 | 177,804 |
| Noncurrent liabilities: | | |
| Capital lease payable | - | 21,995 |
| Compensated absences | 93,372 | 93,612 |
| Total noncurrent liabilities | 93,372 | 115,607 |
| Total liabilities | 464,682 | 293,411 |
| Net Position | | |
| Net investment in capital assets | 962,967 | 1,706,749 |
| Unrestricted | 254,405 | 1,995,517 |
| Total net position | \$ 1,217,372 | \$ 3,702,266 |

The notes to financial statements are an integral part of this statement.

County of Centre, Pennsylvania**Statement of Revenues, Expenses, and Changes in Net Position****Proprietary Funds**

Year Ended December 31, 2015

| | Business Type Activities Enterprise Funds | Governmental Activities- Internal Service Funds |
|------------------------------------------------|------------------------------------------------------------------|--------------------------------------------------------------------|
| | 911 | |
| Operating Revenues | | |
| Charges for services | \$ 2,338,052 | \$ 3,589,796 |
| Other | <u>76,461</u> | <u>-</u> |
| Total operating revenues | <u>2,414,513</u> | <u>3,589,796</u> |
| Operating Expenses | | |
| Salaries and benefits | 1,555,120 | 1,167,104 |
| Purchased services and supplies | 972,799 | 2,418,311 |
| Depreciation and amortization | <u>145,627</u> | <u>619,480</u> |
| Total operating expenses | <u>2,673,546</u> | <u>4,204,895</u> |
| Operating loss | <u>(259,033)</u> | <u>(615,099)</u> |
| Nonoperating Revenues (Expenses) | | |
| Interest income | 333 | 4 |
| Other revenue | 90,420 | - |
| Loss on disposal of equipment | - | 26,894 |
| Capital lease interest | <u>-</u> | <u>(1,003)</u> |
| Total nonoperating (expenses) revenues, net | <u>90,753</u> | <u>25,895</u> |
| Capital Contributions | <u>-</u> | <u>376,892</u> |
| Loss before transfers | <u>(168,280)</u> | <u>(212,312)</u> |
| Transfers | | |
| Transfers in | 64,975 | 63,061 |
| Transfers out | <u>(327)</u> | <u>-</u> |
| Transfers, net | <u>64,648</u> | <u>63,061</u> |
| Changes in Net Position | <u>(103,632)</u> | <u>(149,251)</u> |
| Net Position, Beginning | <u>1,321,004</u> | <u>3,851,517</u> |
| Net Position, Ending | <u>\$ 1,217,372</u> | <u>\$ 3,702,266</u> |

The notes to financial statements are an integral part of this statement.

County of Centre, Pennsylvania**Statement of Cash Flows**

Proprietary Funds

Year Ended December 31, 2015

| | Business Type Activities Enterprise Funds | Governmental Activities- Internal Service Funds |
|----------------------------------------------------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------|
| | 911 | |
| Cash Flows from Operating Activities | | |
| Cash received from customers and users | \$ 1,801,401 | \$ 2,638,855 |
| Cash received from interfund services provided | 379,739 | 936,340 |
| Cash payments to suppliers | (971,723) | (2,482,179) |
| Cash payments to employees for services | (1,608,205) | (1,167,508) |
| Net cash (used in) operating activities | (398,788) | (74,492) |
| Cash Flows From Non-Capital Financing Activities | | |
| Transfers In | 64,975 | 63,061 |
| Transfers Out | (327) | - |
| Net cash provided by non-capital financing activities | 64,648 | 63,061 |
| Cash Flows from Capital and Related Financing Activities | | |
| Proceeds from sale of capital assets | - | 26,894 |
| Cash payments for acquisition of capital assets | (41,994) | (922,452) |
| Capital contributions | - | 376,892 |
| Net cash (used in) capital and related financing activities | (41,994) | (518,666) |
| Cash Flows Provided by Investing Activities | | |
| Cash received from interest and other revenue | 90,753 | 4 |
| (Decrease) in Cash and Cash Equivalents | (285,381) | (530,093) |
| Cash and Cash Equivalents, Beginning | 342,010 | 2,492,485 |
| Cash and Cash Equivalents, Ending | \$ 56,629 | \$ 1,962,392 |
| Reconciliation of Operating Loss to Net Cash (Used in) Provided by Operating Activities | | |
| Operating loss | \$ (259,033) | \$ (615,099) |
| Adjustments to reconcile operating loss to net cash (used in) provided by operating activities: | | |
| Depreciation and amortization | 145,627 | 619,480 |
| Changes in assets and liabilities: | | |
| Decrease (Increase) in accounts receivable | (536,651) | 2,450 |
| (Increase) in due from other governments | - | (17,051) |
| (Increase) decrease in prepaid items and inventory | (13,858) | (77,654) |
| Increase in accounts payable | 14,934 | 23,033 |
| (Decrease) in salaries and benefits payable | (54,812) | - |
| Increase in due to other funds | 303,278 | - |
| (Decrease) in unearned revenue | - | (9,247) |
| (Decrease) increase in compensated absences | 1,727 | (404) |
| Net Cash (Used in) Provided by Operating Activities | \$ (398,788) | \$ (74,492) |

The notes to financial statements are an integral part of this statement.

County of Centre, PennsylvaniaStatement of Fiduciary Net Position
December 31, 2015

| | Employee Retirement Trust Fund | Agency Funds |
|---------------------------------------------|--------------------------------------|---------------------|
| Assets | | |
| Cash and cash equivalents | \$ 151,384 | \$ 3,648,926 |
| Interest receivable | 247,226 | - |
| Investments, at fair value: | | |
| U.S. Government securities | 16,203,107 | - |
| Corporate bonds | 13,411,450 | - |
| Common and preferred stocks and stock funds | 60,664,349 | - |
| Savings, CDs, and time deposits | 6,018,651 | - |
| Money market fund | 1,142,146 | - |
| Municipal obligations | 246,472 | - |
| Total assets | <u>\$ 98,084,785</u> | <u>\$ 3,648,926</u> |
| Liabilities | | |
| Due to other fund | \$ 76 | \$ - |
| Due to other governments | - | 1,277,890 |
| Funds held as fiduciary | - | 2,371,036 |
| Total liabilities | 76 | 3,648,926 |
| Net Position | | |
| Held in trust for pension benefits | <u>98,084,709</u> | <u>-</u> |
| Total liabilities and net position | <u>\$ 98,084,785</u> | <u>\$ 3,648,926</u> |

The notes to financial statements are an integral part of this statement.

County of Centre, Pennsylvania**Statement of Changes in Fiduciary Net Position****Employee Retirement Trust Funds**

Year Ended December 31, 2015

| | Employee Retirement Trust Fund |
|-----------------------------------------------|--------------------------------------|
| Additions | |
| Contributions: | |
| County | \$ 1,591,049 |
| Plan members | <u>1,282,160</u> |
| Total contributions | <u>2,873,209</u> |
| Investment earnings: | |
| Net depreciation in fair value of investments | (5,194,181) |
| Gain from sale of investments | 2,638,575 |
| Interest | 996,659 |
| Dividends | 1,131,812 |
| Less investment expense | <u>(378,312)</u> |
| Net investment earnings | <u>(805,447)</u> |
| Total additions | <u>2,067,762</u> |
| Deductions | |
| Benefits paid to participants | 5,406,805 |
| Refunds of contributions | 437,171 |
| Administrative expense | <u>26,952</u> |
| Total deductions | <u>5,870,928</u> |
| Changes in Net Position | (3,803,166) |
| Net Position, Beginning | <u>101,887,875</u> |
| Net Position, Ending | <u>\$ 98,084,709</u> |

The notes to financial statements are an integral part of this statement.

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2015

1. Summary of Significant Accounting Policies

The accounting methods and procedures adopted by the County of Centre, Pennsylvania (County), conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the County's financial statements:

Financial Reporting Entity

The County of Centre is located in central Pennsylvania. It is a county of the fourth class, created in February 1800, and operates under an elected three-member Board of Commissioners. The County provides services to its estimated 155,000 residents in many areas, including general government services, public safety, health and welfare, and community enrichment programs.

The financial statements of the County of Centre include the accounts of all County operations. The County's major operations include administrative and judicial general government, public safety, human services, and conservation and development. In addition, the County owns and operates the County Prison. As required under accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County (the primary government) and its component units. The component units, discussed in Note 2, are included in the County's financial reporting entity because of the significance of their operational or financial relationships with the County.

Government – Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The expenses reported for functional activities include allocated indirect expenses. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. The agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Governmental Funds

Major Governmental Funds

The General Fund is the principal fund of the County and accounts for all financial activities not accounted for in other funds. The majority of current operating expenditures of the County, other than proprietary fund activities, are financed through revenues of the General Fund. The General Fund is always considered a major fund for governmental fund reporting purposes.

The Children & Youth Fund is used to account for the operations and administration of the County's Children & Youth Department. Financing is provided by state and federal grants with an appropriation from the County General Fund.

The Mental Health/Intellectual Disabilities Fund is used to account for the operations and administration of the County's MH/ID Department. Financing is provided by state and federal grants with an appropriation from the County General Fund.

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2015

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The Debt Service Fund is considered a major fund for governmental fund reporting purposes.

The Capital Projects Fund is used to account for the accumulation of financial resources used for capital improvements (other than those financed by proprietary funds). The Capital Projects Fund is considered a major fund for governmental fund reporting purposes in order to maintain consistency of financial reporting.

Non-Major Governmental Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than for debt service and major capital projects) that are legally restricted to expenditures for specified purposes. The following funds are used to account for those financial activities:

- The Agricultural Easement Fund accounts for revenue and expenditures related to the operation of the State's Agricultural Conservation Easement Purchase Program.
- The Liquid Fuels Tax Fund accounts for state aid revenues used for building and improving roads and bridges.
- The Domestic Relations Office Fund accounts for expenditures and reimbursement revenue related to the operation of the County's Child Support Enforcement Program, which is funded with Federal, State, and County funds.
- The Human Services-related special revenue funds are used to account for revenue received from various federal, state and local sources. These funds, which are restricted for the provision of specified social services to eligible County residents, and include: Office of Aging, Drug and Alcohol, and Adult Services Funds.
- The Hazardous Material Response Fund is used to protect and safeguard the citizens of the County from the health hazards and other risks of harm resulting from the use, storage, and distribution of hazardous materials.

Proprietary Funds

Proprietary Funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income and capital maintenance. Proprietary funds distinguish operating revenues from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The following is a description of the County's major proprietary fund:

- **Enterprise Funds:** Enterprise funds are used to account for the operations of the 911 Emergency Communications System. The 911 System is responsible for providing the County's residents with quick and easy access to emergency response through communication technology. The 911 System is funded through user fees collected by the telephone providers. The 911 Fund is considered a major fund for proprietary fund reporting purposes.

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2015

The following is a description of the County's non-major proprietary funds:

- **Governmental Services - Internal Service Funds:** Internal service funds are used to account for the Transportation Department and the Management Information Systems (MIS) Department. The Transportation Department provides transportation services and the MIS Department provides computer and information services for the County's other departments and agencies on a cost reimbursement basis.

Fiduciary Funds

Fiduciary funds include trust and agency funds that are used to account for assets held by the County in a trustee capacity for the Employee Retirement Plan and as an agent for individuals, private organizations, and/or other governments.

- **Pension Trust Fund:** The Employee Retirement Trust Fund is a pension trust fund used to account for the Employee Retirement Plan contributions of the County and its employees and related benefit payments and other plan costs.
- **Agency Funds:** The agency funds are used to account for assets held by elected row officers (the Recorder of Deeds, Register of Wills, Prothonotary, Treasurer, Sheriff, Clerk of Courts, and the Tax Claims Office) that are subsequently disbursed to other governments, and other activities for whom it was collected. Additionally, the County maintains cash on behalf of prisoners and has a Domestic Relations Support Fund that collects support money on behalf of that human service agency's clients.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided and operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges for services. Operating expenses for the enterprise fund include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgets and Budgetary Accounting

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for all funds except the internal services, pension trust, and agency funds. The appropriated budget is prepared by fund, function, and department. Expenditures cannot legally exceed budgeted appropriations at the fund level. Additionally, management cannot revise the total budget obligation by fund level without the approval of the Board of Commissioners. The County's department heads may make transfers of appropriations within their departments. Although not legally obligated to do so,

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2015

for management control purposes, the Board of Commissioners reviews and approves interdepartmental budget transfers. All annual appropriations lapse at fiscal year-end.

The Commissioners may at any time, by resolution, make supplemental appropriations for any lawful purpose from any funds on hand or estimated to be received within the year and not otherwise appropriated, including the proceeds of any borrowing authorized by law. The Commissioners may authorize the transfer of any unencumbered balance of any appropriation item or any portion thereof. During the year ended December 31, 2015, \$4,119,323 in supplemental appropriations (budget revisions) was enacted.

The County follows these procedures in establishing the budgetary data reported in the financial statements:

- During August and September, the department heads use current financial status reports to develop financial projections for their programs for the ensuing year and review these with budget staff.
- The Commissioners then interview each department head to discuss their budgets as submitted and allow them to substantiate projected expenditures at public hearings.
- Upon consolidation of the department and agency expenditure projections, the Commissioners ascertain the most viable method of financing them.
- Subsequently, the Commissioners' office assembles the preliminary projections of revenues and expenditures into a final budget, incorporating any revisions or adjustments resulting from the aforementioned Commissioners' review.
- By early December, the final budget is presented to the Commissioners. Pursuant to budgetary requirements set forth in the County Code, public notice is given that the final budget is available for inspection for a period of 20 days.
- After the 20-day inspection period, but before December 31, the County Commissioners adopt the final budget by enacting an appropriate resolution.

Governmental Fund Balances

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the County classifies its governmental fund balances as follows:

- *Non-spendable* – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- *Restricted* – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- *Committed* – includes fund balance amounts that are limited in use due to constraints on purpose and circumstances of spending imposed by the County's highest level of decision-making authority. The Board of Commissioners is the

highest level of decision-making authority for the County and can make such commitment via a resolution prior to the end of the fiscal year. A commitment can only be modified or removed by an equal action of the Board of Commissioners.

- *Assigned* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the County, but not through a formal action of the Board of Commissioners. The County does not have a formal policy authorizing an individual to assign fund balance.
- *Unassigned* – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

Restricted Net Position/Fund Balances

In governmental-wide and governmental funds when an expenditure is incurred that can be paid using either restricted or unrestricted resources, the County's policy is generally to first apply the expenditure toward restricted net position and fund balance and then to other, less-restrictive classifications -committed, assigned, and then unassigned fund balances.

Net Position

The government-wide and proprietary fund financial statements are required to report three components of net position:

- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources is included in the same net position component (restricted or unrestricted) as the unspent amount.
- Restricted - This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- Unrestricted - The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2015

Cash Equivalents

For purposes of the statement of cash flows, the County considers all highly liquid investments (including restricted assets) with an original maturity of three months or less to be cash equivalents.

Investments

Investments of the Employee Retirement Trust Fund are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or advances to/from other funds (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to or from other funds." All trade and certain tax receivables are shown net of an allowance for uncollectible accounts. County management has determined that an allowance for property taxes receivable is not necessary at December 31, 2015, based on collection history. Loan receivable allowance is recorded at five percent of the receivable balance at December 31, 2015.

Prepaid Items and Inventory

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid items. The costs of governmental fund inventories are recorded as expenditures when purchased and the proprietary fund inventories are recorded at cost as acquired and expensed when consumed.

Capital Assets

Capital assets, which include buildings, improvements, furniture, equipment, and vehicles, are reported in the appropriate governmental or business-type activities column in the government-wide financial statements. Capital assets are assets that cost more than \$5,000. The County has no infrastructure (public-domain capital assets).

Capital assets acquired prior to 2001 are stated at estimated historical costs as determined by the independent appraisal. Capital assets acquired since 2001 are recorded at cost at the time of purchase. Donated capital assets are valued at their estimated fair value on the date received. Depreciation of all exhaustible capital assets is charged as an expense against their operations within the statement of activities and proprietary funds. Accumulated depreciation is reported on proprietary fund statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method.

Estimated useful lives for each capital asset category of the County's capital assets are as follows:

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2015

| | |
|----------------------------|----------------|
| Land improvements | 15 to 20 years |
| Buildings and improvements | 7 to 4 years |
| Furniture and equipment | 3 to 20 years |
| Vehicles | 3 to 5 years |

Compensated Balances

Accumulated unpaid vacation and sick leave, which is accrued when incurred for all County funds, totaled \$2,269,143 at December 31, 2015. The liability is determined according to the following County personnel policy:

Upon termination, all unused vacation time is paid with a final check. Depending on the length of service, employees may accumulate up to a maximum of 30 vacation days. One-half of unused sick leave, up to a maximum of 30 days, will be paid with a final check.

Inter-fund Transactions

As a result of its operations, the County affects a variety of transactions between funds to finance operations. Accordingly, to the extent that certain inter-fund transactions have not been paid or received as of December 31, 2015, appropriate inter-fund receivables or payables have been established. Inter-fund transactions represent inter-fund loans and transfers. The effect of inter-fund activity has been eliminated from the government-wide financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Adopted Pronouncement/Change in Accounting Principle

The County has adopted GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions.*" The primary objective of this statement is to improve accounting and financial reporting by state and local government pension plans. As a result of this implementation, the government-wide net position as of January 1, 2015 was restated with a decrease of \$2,745,831 to record the County's net pension liability.

2. Reporting Entity

In accordance with applicable guidance, the financial reporting entity, the County has evaluated all related entities (authorities, commissions and affiliates) for the possible inclusion in the financial reporting entity.

The component units discussed below are included in the County's reporting entity because of the significance of financial and operational relationships with the County. These component units have been included in the financial reporting entity as discretely presented component units. Separate financial statements for the Centre County Solid Waste Authority are available for public inspection in the Controller's Office. Separate financial statements are not issued for the Centre County Conservation District.

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2015

Discretely Presented Component Units

In conformity with accounting principles generally accepted in the United States of America, the financial statements of the following component units have been included in the financial reporting entity:

Centre County Conservation District

The Centre County Conservation District (District) was formed by the County Commissioners pursuant to the Conservation District Law. The seven-member Board is made up of one County Commissioner and six members appointed by the Commissioners from a list of nominees received from organizations approved by the Commonwealth of Pennsylvania. The District was formed to manage the conservation of natural resources in the County. The Law gives the Commonwealth certain powers to supervise and direct the operations of the District. Employees of the District are County employees subject to the County Salary Board. The County receives from the Commonwealth reimbursement for certain salaries of the District employees. The Law also gives the Commissioners the ability to unilaterally disband the District if they believe a substantial portion of land owners' desire such action. The District uses the modified accrual basis of accounting.

Centre County Recycling Refuse Authority

The Centre County Recycling Refuse Authority (Authority) was formed on May 4, 1971, pursuant to the Municipality Authorities Act of 1945, to establish and administer programs that will cause the implementation of a Recycling Refuse Management Plan for Centre County, Pennsylvania. The Authority's Board members are appointed by the County Commissioners. Commissioners are responsible under Pennsylvania Law (Act 101) to facilitate recycling refuse services within the County. The County can terminate the Authority (Section 14 PA Municipality Authorities Act). If the Authority was terminated, the County could be responsible for any remaining debt of the Authority until a replacement service provider was found. Additionally, the Commissioners are required to approve the County Recycling Refuse Long-term Disposal Plan as prepared by the Authority and any significant changes thereto. The Authority uses the accrual basis of accounting.

Complete financial statements for the Authority are available at the Controller's Office.

Joint Venture

The County is a participant with other municipalities in a joint venture that provides services to the constituents of all the participants. The County has no interest in the equity of this organization and it is not presented in the County's financial statements. The following is a summary of the significant facts and circumstances for the organization:

Centre County Federation of Public Libraries

| | |
|------------------------------------|----------------------|
| Services provided | Library services |
| Centre County Board representation | One of seven members |
| Year ended | December 31, 2015 |
| Total assets | \$9,056 |

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2015

| | |
|-------------------------------------|-----------|
| Total net position | \$9,056 |
| Total support and revenue | \$993,435 |
| Operating income | \$6,497 |
| Centre County support to operations | \$495,000 |

Separate financial statements are available for the Centre County Federation of Public Libraries in the Controller's Office.

Related Organizations

The following organizations are considered to be related organizations of the County because of their relationship and mutual interest. Although the County appoints a voting majority of the organizations' governing boards in most instances, the County does not impose its will or have significant financial accountability for these organizations. The related organizations are as follows:

- Centre County Drug and Alcohol Planning Council
- Centre County Higher Education Authority
- Centre County Hospital Authority
- Centre County Housing Authority
- Spring Creek Watershed Commission
- Centre County Water Authority

3. Component Units – Summary of Significant Accounting Policies

Centre County Conservation District

Basis of Accounting

The District maintains its books on the modified accrual basis of accounting.

Centre County Recycling Refuse Authority

Basis of Accounting

The Authority maintains its books on the accrual basis of accounting.

Landfill Post-Closure Liability

In April 1990, the Authority permanently closed its Moshannon Valley landfill. The Authority has accrued all landfill closure and post-closure costs relating to its Moshannon Valley landfill as a liability; the amount accrued at December 31, 2015 relating to this liability was \$29,145. GASB requires that all landfill closure and post-closure costs be accrued as a liability. Management of the Authority believes that the potential for changes in this estimated liability due to inflation, deflation, technology, or applicable laws or regulations is not material. Pennsylvania Department of Environmental Protection regulations require the Authority to continue to monitor and test groundwater at the Moshannon Valley site for 30 years from the date of closure.

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2015

This monitoring and testing is estimated to cost approximately \$7,000 a year. Since 1990, the Authority has contracted with landfills it does not own to receive its waste.

Property and Equipment

Property and equipment consist of the following at December 31, 2015:

| | <u>Useful Life</u> | |
|---------------------------|--------------------|----------------------|
| Construction in progress | | \$ 1,876,846 |
| Land and landscaping | | 693,433 |
| Building and improvements | 31.5 years | 15,117,450 |
| Leasehold improvements | 7 years | 298,607 |
| Trailers and trucks | 7 years | 3,334,001 |
| Station equipment | 5-10 years | 2,626,950 |
| Office equipment | 5-10 years | <u>309,291</u> |
| | | 24,256,578 |
| Total | | |
| Accumulated depreciation | | <u>(12,798,986)</u> |
| Property and equipment | | <u>\$ 11,457,592</u> |

Depreciation charged to operations for the year ended December 31, 2015 was \$765,956.

Capital assets are recorded at cost. Depreciation is recorded on a straight-line basis.

Long-Term Debt

Long-term debt consists of the following at December 31, 2015:

Term loan, due February 16, 2020; loan requires monthly principal payments of \$35,437 plus interest at 3.3%; secured by revenue and accounts receivable of the Authority.

\$ 1,771,841

Construction/term loan in the maximum principal amount of \$2,000,000; due in July 2024; loan is interest-only during the construction period; monthly payments of principal and interest will begin in February 2016; bears interest at a tax-free rate of 3.41% for the first 7 years, at which time rate will be renegotiated or revert to tax-exempt variable rate of 65% of Fulton Bank, N.A. Prime Rate with a floor of 2.85%; secured by revenue and accounts receivable of the Authority.

\$ 1,480,235

Under the term loan agreement, the Authority is required to maintain certain financial covenants.

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2015

Scheduled principal repayments on long-term debt are as follows:

| <u>Year ending December 31:</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|--------------------|------------------|--------------------|
| 2016 | \$ 565,057 | \$101,410 | \$ 666,467 |
| 2017 | 582,828 | 81,786 | 664,614 |
| 2018 | 588,286 | 62,100 | 650,386 |
| 2019 | 593,934 | 42,225 | 636,159 |
| 2020 | 245,409 | 26,613 | 272,022 |
| Thereafter | <u>676,562</u> | <u>43,137</u> | <u>719,699</u> |
| Total | <u>\$3,252,076</u> | <u>\$357,271</u> | <u>\$3,609,347</u> |

4. Cash and Cash Equivalents and Investments

Pennsylvania statutes provide for the investment of governmental funds in certain authorized investment types, including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for cash management and investment purposes, which the County does. In addition to the investments authorized for governmental funds, pension trust fund investments may be made in corporate stocks and bonds, real estate, and other investments consistent with sound business practices. Act 72 requires all governmental (public funds) deposits not insured by the Federal Deposit Insurance Corporation (FDIC) to be collateralized by the financial institution.

The deposit and investment policy of the County adheres to state statutes. Deposits of the governmental funds are either maintained in demand deposits or pooled for investment purposes in certificates of deposit. The deposits and investments of the pension trust fund are administered by trustees and are held separately from those of other County funds.

GASB Statement No. 40, *"Deposit and Investment Risk Disclosures,"* requires disclosures related to the following deposit and investment risks: credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. The following is a description of the County's deposit and investment risks.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the County will not recover its deposit or will not be able to recover collateral securities that are in the possession of an outside party. The County does not have a formal deposit policy for custodial credit risk. As of December 31, 2015, the County's total bank deposits were \$18,507,111. Of this amount, \$1,282,911 was insured by the FDIC. The remaining bank deposits of \$17,224,200 were exposed to custodial credit risk, since the deposits were collateralized with securities held by the pledging financial institutions, but not in the County's name.

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2015

Investments

Assets in the pension trust fund are stated at fair value. The Retirement Board has adopted investment guidelines that summarize the investment philosophy of the Board.

Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Retirement Board's investment guidelines have no formal policy that limits investment maturities as a means of managing its exposure to interest rate risk. The Retirement Board's investment guidelines require that the duration of the bond portfolio should be within 20 percent of the benchmark bond index (Barclay's Capital Aggregate Index). The duration of the bond portfolio on December 31, 2015 was within two percent of the index.

Information about the sensitivity of the fair values of the pension trust fund's investments to market, interest rate fluctuations is provided by the following table that shows segmented time distribution of the fund's investment by maturity as of December 31, 2015:

| Investment Type | Fair Value | Remaining Maturity (in Months) | | | |
|---------------------------------|---------------|--------------------------------|-----------------|-----------------|---------------------|
| | | 12 Months or Less | 13 to 24 Months | 25 to 60 Months | More than 60 Months |
| U.S. Treasury securities | \$ 6,670,424 | \$ - | \$ - | \$ 1,104,826 | \$ 5,565,598 |
| Federal Agency securities | 9,779,155 | - | - | 1,994,319 | 7,784,836 |
| Corporate bonds | 13,411,450 | - | 309,853 | 6,672,756 | 6,248,841 |
| Total debt securities | 29,861,029 | \$ - | \$ 309,853 | \$ 9,771,901 | \$ 19,779,275 |
| Stocks and stock mutual fund | 52,565,562 | | | | |
| International stock mutual fund | 8,098,787 | | | | |
| Savings, CDs, and time deposits | 6,018,651 | | | | |
| Money market fund | 1,142,146 | | | | |
| Total other investments | 67,825,146 | | | | |
| Total investments | \$ 97,686,175 | | | | |

The County Retirement Trust Fund was not holding derivative or derivative-like financial instruments on December 31, 2015.

Custodial credit risk is the risk that in the event of a failure of the counterparty (trustee) to a transaction, the County will not be able to recover the value of its investment. The Retirement Board does not have a formal deposit policy for custodial credit risk. As of December 31, 2015, the Retirement Fund's total investments of \$97,686,175 were exposed to custodial credit risk, since the investments were uninsured securities held by its trust department, but not in the County's name.

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2015

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized rating organization. The Retirement Board's investment policy requires a minimum of investment grade or "BBB" or higher for its fixed income investments. The following lists the ratings of the fund's investments on December 31, 2015:

| Investment Type | Rating as of Year-End | | | | | |
|-------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| | Amount | AAA | AA | A | BBB | Unrated |
| Federal Agencies | \$ 9,779,155 | \$ - | \$ 1,994,318 | \$ - | \$ - | \$ 7,784,837 |
| Corporate bonds | 13,411,450 | 2,625,150 | 1,674,789 | 5,064,481 | 2,336,879 | 1,710,151 |
| Money market fund | 1,142,146 | - | - | - | - | 1,142,146 |
| Total | <u>\$ 24,332,751</u> | <u>\$ 2,625,150</u> | <u>\$ 3,669,107</u> | <u>\$ 5,064,481</u> | <u>\$ 2,336,879</u> | <u>\$ 10,637,134</u> |

Concentration of credit risk is the risk loss attributed to magnitude of the County's investment in a single issuer. The County places no limit on the amount the County may invest in any one issuer. As of December 31, 2015, investments in any one issuer that represent five percent or more of the County's investments are as follows:

| <u>Issuer</u> | <u>Investment Type</u> | <u>Amount</u> | <u>%</u> |
|---------------|---------------------------|---------------|----------|
| U.S. Treasury | U.S. Treasury Obligations | \$6,670,424 | 6.8 |

Foreign currency risk is the risk that changes in the foreign exchange rates will adversely affect the fair value of an investment. The Board's policy allows 20 percent of the portfolio to be invested in an international mutual fund. On December 31, 2015, the international mutual fund represented 8.3 percent of the total portfolio in the amount of \$8,098,787.

5. Component Units – Cash and Cash Equivalents

Centre County Conservation District

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. At December 31, 2015, the aggregate bank balance of the bank deposits included in cash and cash equivalents was \$616,227. Of this amount, \$250,000 was insured by the FDIC. The remaining bank deposits of \$366,227 were exposed to custodial credit risk.

Centre County Recycling Refuse Authority

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. The Authority does not have a policy for custodial credit risk. At December 31, 2015, \$3,558,454 of the Authority's bank deposits was exposed to custodial credit risk, as these deposits were not covered by depository insurance. Rather, these deposits were collateralized with securities held by a pledging financial institution, but not in the Authority's name.

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2015

6. Real Estate Taxes

Real estate taxes attach as an enforceable lien on property as of January 1. Taxes are levied on March 1 and are payable on the following terms: 2% discount March 1 through April 30; face amount May 1 through June 30; and 10% penalty after June 30. The County bills these taxes, which are collected by elected tax collectors, and revenues are recognized in the period in which they become susceptible to accrual (that is, when they become both measurable and available). The County collects delinquent real estate taxes for itself and for other taxing authorities.

The County is permitted by the County Code to levy real estate taxes up to 25 mills on every dollar of adjusted valuation for general County purposes, exclusive of the requirements for the payment of interest and principal on funded debt. The County levy for 2015 was 6.65 mills for the General Fund and 1.19 mills for the Debt Service Fund.

7. Contributed Goods and Services

The Pennsylvania State University (University), which is located in Centre County, agreed to provide "in-kind" services, in addition to an annual impact fee payment, to the County and other local political subdivisions in the County beginning in 1993. These in-kind services are in the form of capital assets and professional services. Under this agreement, the County is to receive approximately \$200,000 in value for in-kind services for each of ten years, the balance of which may be carried over from one year to the next.

In December 2004, the County and the University extended this agreement for 20 years and increased the value of the in-kind services to \$225,000 annually. This value will be adjusted every second year based upon the Consumer Price Index (CPI).

Through December 31, 2015, the County has received \$5,426,737 in such payments, primarily in personnel training and professional services, which have not been recorded in the financial statements. The amount of such services received during the year ended December 31, 2015 was \$282,871.

8. Receivables

Receivables consist of amount due from taxpayers as well as amounts due from other governments that are primarily grants receivable from the Commonwealth of Pennsylvania at December 31, 2015. The receivable amounts were higher than usual due to the State budget impasse. Other receivables consist primarily of amounts due from other local governments for housing inmates in the County's prison.

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2015

9. Capital Assets

A summary of changes in capital assets is as follows:

| | <u>January 1, 2015</u> | <u>Additions/ Transfers In</u> | <u>Deletions/ Transfers Out</u> | <u>December 31, 2015</u> |
|---------------------------------------------|----------------------------|------------------------------------|-------------------------------------|------------------------------|
| Governmental activities | | | | |
| Capital assets not being depreciated | | | | |
| Construction in progress | \$ 1,483,779 | \$ 4,458,066 | \$ - | \$ 5,941,845 |
| Land and improvements | 1,867,185 | - | - | 1,867,185 |
| Capital assets being depreciated | | | | |
| Building and improvements | 54,617,749 | 27,828 | - | 54,645,577 |
| Furniture and equipment | 24,000,573 | 391,745 | (62,959) | 24,329,359 |
| Vehicles | 2,516,536 | 583,560 | (355,566) | 2,744,530 |
| Total capital assets | <u>84,485,822</u> | <u>5,461,199</u> | <u>(418,525)</u> | <u>89,528,496</u> |
| Accumulated depreciation | | | | |
| Buildings and improvements | (20,239,021) | (1,319,855) | - | (21,558,876) |
| Furniture and equipment | (6,613,103) | (1,473,267) | 63,736 | (8,022,634) |
| Vehicles | (1,702,107) | (438,548) | 340,576 | (1,800,079) |
| Total accumulated depreciation | <u>(28,554,231)</u> | <u>(3,231,670)</u> | <u>404,312</u> | <u>(31,381,589)</u> |
| Governmental activities capital assets, net | <u>\$ 55,931,591</u> | <u>\$ 2,229,529</u> | <u>\$ (14,213)</u> | <u>\$ 58,146,907</u> |

| | <u>January 1, 2015</u> | <u>Additions/ Transfers In</u> | <u>Deletions/ Transfers Out</u> | <u>December 31, 2015</u> |
|----------------------------------------------|----------------------------|------------------------------------|-------------------------------------|------------------------------|
| Business-type activities | | | | |
| Capital assets being depreciated | | | | |
| Building and improvements | \$ 1,461,475 | \$ 10,095 | \$ - | \$ 1,471,570 |
| Furniture and equipment | 8,126,076 | 31,900 | (133,389) | 8,024,587 |
| Total capital assets | <u>9,587,551</u> | <u>41,995</u> | <u>(133,389)</u> | <u>9,469,157</u> |
| Accumulated depreciation | | | | |
| Buildings and improvements | (1,141,110) | (33,999) | - | (1,175,109) |
| Furniture and equipment | (7,379,841) | (111,629) | 133,389 | (7,358,081) |
| Total accumulated depreciation | <u>(8,520,951)</u> | <u>(145,628)</u> | <u>133,389</u> | <u>(8,533,190)</u> |
| Business-type activities capital assets, net | <u>\$ 1,066,600</u> | <u>\$ (103,633)</u> | <u>\$ -</u> | <u>\$ 962,967</u> |

Depreciation expense was charged to governmental activities as follows:

| | |
|------------------------------|---------------------|
| Administrative | \$ 1,769,808 |
| Judicial | 159,081 |
| Public safety | 818,259 |
| Human services | 483,623 |
| Conservation and development | 899 |
| Total | <u>\$ 3,231,670</u> |

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2015

The following is a summary of governmental capital assets by source:

| | |
|-----------------------|----------------------|
| General Fund | \$ 80,406,976 |
| Special Revenue Fund | 1,071,894 |
| Capital Projects Fund | <u>2,107,781</u> |
| Total | <u>\$ 83,586,651</u> |

10. Long-Term Debt

General Obligation Debt

The County issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes have been issued to finance general government and proprietary activities.

The following is a summary of bond and note transactions of the County for the year ended December 31, 2015:

| | <u>Governmental</u> | <u>Total</u> |
|----------------------------------------------|----------------------|----------------------|
| Bonds and notes payable at January 1, 2015 | \$ 37,505,606 | \$ 37,505,606 |
| Bonds and notes payments | <u>(3,412,606)</u> | <u>(3,412,606)</u> |
| Bonds and notes payable at December 31, 2015 | <u>34,093,000</u> | <u>34,093,000</u> |
| Bonds discount | (2,688) | (2,688) |
| Bonds premium | <u>1,939,544</u> | <u>1,939,544</u> |
| Total | 36,029,856 | 36,029,856 |
| Portion due or payable in one year | <u>3,300,000</u> | <u>3,300,000</u> |
| Portion due or payable after one year | <u>\$ 32,729,856</u> | <u>\$ 32,729,856</u> |

In 2010, the County issued \$5,515,000 in General Obligation Bonds, due in varying annual installments through 2018, with varying interest rates from .85% to 3.125%. The proceeds of the bonds were used to refund \$5,360,000 of the County's General Obligation Bond Series 2004 and to pay the cost of issuing the bonds. Outstanding bonds payable at December 31, 2015 under the 2010 series were \$2,435,000. The current portion due in 2016 related to the bond issue is \$790,000.

In 2010, the County issued \$1,373,000 in a General Obligation Note, due in varying annual installments through 2021, with an interest rate of 3.79%. The proceeds of the note are being used to undertake a project (the 2010 Project) consisting of (a) funding certain capital improvements, renovation and additions, including repairs to or replacement of the roofing system at Centre Crest (the 2010 Capital Project) and (b) paying the costs of issuance of the Note, all of which constitute a valid governmental purpose. Outstanding notes payable at December 31, 2015 under the 2010 series were \$1,348,000. The current portion due in 2016 related to the note is \$5,000.

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2015

In 2011, the County issued \$9,175,000 in General Obligation Bonds, due in varying annual installments through 2020, with varying interest rates from 1.15% to 4.297%. The proceeds of the bonds were used to refund \$9,550,000 of the County's General Obligation Bond Series 2006 and to pay the cost of issuing the bonds. Outstanding bonds payable at December 31, 2015 under the 2011 series were \$7,505,000. The current portion due in 2016 related to the bond issue is \$1,795,000.

In 2012, the County issued \$9,970,000 (Series 2012 A) in General Obligation Bonds, due in varying annual installments through 2020, with varying interest rates from .30% to 3.0%. The proceeds of the bonds are being used by the County to partially refund \$9,770,000 of the County's General Obligation Bond Series 2003 and to pay the cost of issuing the bonds. Outstanding bonds payable at December 31, 2015 under the Series 2012 A Bonds were \$5,580,000. The current portion due in 2016 related to the bond issue is \$70,000.

In 2012, the County issued \$15,315,000 (Series 2012 B) in General Obligation Bonds, due in varying annual installments through 2026, with varying interest rates from 1.10% to 5.0%. The proceeds of the bonds are being used by the County to be applied to the 2012 Capital Project, which includes the County Emergency Communication System, acquisition of real estate (Temple Court Building), improvements to County-owned building and facilities and to the cost of issuing the bonds. Outstanding bonds payable at December 31, 2015 under the 2012 B series were \$15,295,000. The current portion due in 2016 related to the bond issue is \$5,000.

In 2012, the County issued \$3,620,000 (Series 2012 C) in General Obligation Bonds, due in varying annual installments through 2018, with varying interest rates from .570% to 2.05%. The proceeds of the bonds are being used by the County to refund \$3,390,000, the remaining balance of the County's General Obligation Bond Series 2003 and to pay the cost of issuing the bonds. Outstanding bonds payable at December 31, 2015 under the 2012 C series were \$1,930,000. The current portion due in 2016 related to the bond issue is \$635,000.

The County obtained an independent compliance evaluation of the arbitrage rules and regulations established by the Internal Revenue Service. The County has no liability pertaining to arbitrage rebates at December 31, 2015.

Scheduled debt service requirements with respect to these issues are as follows:

| Year Ending December 31 | Governmental Activities | | Total |
|----------------------------|-------------------------|--------------|---------------|
| | Principal | Interest | |
| 2016 | \$ 3,300,000 | \$ 1,201,020 | \$ 4,501,020 |
| 2017 | 3,400,000 | 1,102,721 | 4,502,721 |
| 2018 | 3,505,000 | 989,017 | 4,494,017 |
| 2019 | 3,635,000 | 906,483 | 4,541,483 |
| 2020 | 3,660,000 | 760,925 | 4,420,925 |
| 2021-2026 | 16,593,000 | 2,406,442 | 18,999,442 |
| Total | \$ 34,093,000 | \$ 7,366,607 | \$ 41,459,607 |

The total interest paid on the County's bond and notes issues in 2015 was \$1,260,388.

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2015

Compensated Absences

The following are the changes in the vacation and sick leave liabilities:

| | Governmental Activities | Business-Type Activities | Total |
|-----------------------------|------------------------------------|-------------------------------------|---------------------|
| Balance, January 1, 2015 | \$ 2,117,167 | \$ 96,559 | \$ 2,213,726 |
| Increases | 1,811,043 | 87,000 | 1,898,043 |
| Decreases | (1,757,353) | (85,273) | (1,842,626) |
| Net change | 53,690 | 1,727 | 55,417 |
| Balance, December 31, 2015 | <u>\$ 2,170,857</u> | <u>\$ 98,286</u> | <u>\$ 2,269,143</u> |
| Portion due within one year | \$ 108,543 | \$ 4,914 | \$ 113,457 |
| Long-term portion | <u>2,062,314</u> | <u>93,372</u> | <u>2,155,686</u> |
| Total, December 31, 2015 | <u>\$ 2,170,857</u> | <u>\$ 98,286</u> | <u>\$ 2,269,143</u> |

The liabilities are generally liquidated by the fund to which they relate. The significant funds used to liquidate are the General Fund, MH/ID Fund, and the Children & Youth Fund.

11. Employee Retirement Plan

Plan Description

The Centre County Employees' Retirement Plan (Plan) is a single-employer defined benefit pension plan covered by the County Pension Law Act 96 of 1971, of the General Assembly of the Commonwealth of Pennsylvania, as amended (the Act). The Plan, which is administered by the Retirement Board (Board), is reported as a pension trust fund in the accompanying financial statements. Management of the plan is vested in the Board, which consists of three elected County Commissioners, the County Controller and the County Treasurer. These financial statements are prepared using the accrual basis of accounting. Separate financial statements for the Plan are not issued.

All full-time employees are required to participate in the Plan.

As of January 1, 2015 (the date of the most recent actuarial valuation), employee membership data related to the pension plan was as follows:

| | |
|---------------------------------------------------------------------|--------------|
| Inactive plan members or beneficiaries currently receiving benefits | 390 |
| Inactive plan members entitled to but not yet receiving benefits | 167 |
| Active plan members | <u>523</u> |
| Total | <u>1,080</u> |
| Number of participating employers | <u>1</u> |

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2015

The pension plan provides pension benefits for normal retirement at age 60 (or 55 with 20 years of service) based on a formula including final average salary and years of credited service, in addition to the member's accumulated contribution to the Plan. Early retirement is available upon 20 years of service or after eight years, if involuntary termination. Members become vested after five years of service. County employees who terminate after five years of credited service will receive a deferred annuity commencing at retirement age. The Plan also provides for death and disability benefits. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Funding Policy

The contribution requirements of Plan members and the County are established and may be amended by the County Retirement Board.

The funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to accumulate assets to pay benefits when due. Level percentage of payroll employer contribution rates are determined using the aggregate actuarial cost method of funding.

As a condition of participation, employees are required to contribute 5% of their salary as stipulated in the County Pension Law. Employees may elect to contribute up to 15% of their salary. Interest is credited to the employee's account each year at a rate approved by the County Retirement Board. The rate each year cannot be lower than 4.0% or higher than 5.5%. The rate for 2015 was 4.5%. Plan members (i.e., County employees) contributed \$1,282,160 to the Plan during the year ended December 31, 2015.

Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation performed on January 1, 2015, and rolled forward to December 31, 2015, using the following actuarial assumptions, applied to all periods in the measurement:

| | |
|------------------------|---------------------------|
| Valuation date | January 1, 2015 |
| Actuarial cost method | Entry age (2) |
| Asset valuation method | Five-year smoothed market |

Actuarial assumptions:

| | |
|------------------------------|------|
| Investment rate of return* | 7.5% |
| Projected salary increases* | 3.5% |
| * Includes inflation rate of | 3.0% |

Mortality rates were based on the RP-2013 Annuitant and Non-Annuitant Mortality tables for males and females with no projected improvement.

(2) The County has elected to change to the Entry Age normal funding method beginning in 2013. The ARC is based on this funding method.

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2015

Net Pension Liability

The components of the net pension liability of the County at December 31, 2015 are as follows:

| | |
|----------------------------------------------------------------------------|----------------------|
| Total pension liability | \$ 109,221,107 |
| Plan fiduciary net position | <u>98,084,709</u> |
| Net pension liability | <u>\$ 11,136,398</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>89.80%</u> |

| | Increases / Decreases | | |
|----------------------------------------------------------------------------|-------------------------|-----------------------------|-----------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| Balances at December 31, 2014 | \$ 104,633,706 | \$ 101,887,875 | \$ 2,745,831 |
| Changes for the year: | | | |
| Service cost | 895,738 | - | 895,738 |
| Interest | 7,699,521 | - | 7,699,521 |
| Changes of benefit terms | 770,999 | - | 770,999 |
| Differences between expected and actual | 1,065,118 | - | 1,065,118 |
| Contributions - employer | - | 1,591,049 | (1,591,049) |
| Contributions - employee | - | 1,282,160 | (1,282,160) |
| Net investment income (loss) | - | (805,448) | 805,448 |
| Benefit payments, including refunds | (5,843,975) | (5,843,975) | - |
| Administrative expense | - | (26,952) | 26,952 |
| Other changes | - | - | - |
| Net changes | <u>4,587,401</u> | <u>(3,803,166)</u> | <u>8,390,567</u> |
| Balances at December 31, 2015 | <u>\$ 109,221,107</u> | <u>\$ 98,084,709</u> | <u>\$ 11,136,398</u> |
| Plan fiduciary net position as a percentage of the total pension liability | | | <u>89.80%</u> |

Long-term Expected Rate of Return

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2015

The following were the asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2015:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|-------------------|-------------------------------------------|
| Domestic equity | 40.0% | 5.4% |
| International equity | 15.0% | 5.5% |
| Fixed income | 45.0% | 1.3% |
| | <u>100.0%</u> | |

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2015, the annual money-weighted rate of return for the Plan investments, net of investment expense, was .38%.

Concentrations

As of December 31, 2015, there were no investments in any one issuer that represent five percent or more of the County's investments.

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at the actuarially determined contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the County, calculated using the discount rate of 7.5 percent, as well as what the County's net pension liabilities would be if they were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rates:

| | 1% Decrease (6.5%) | Current Discount Rate (7.5%) | 1% Increase (8.5%) |
|------------------------------|-----------------------|---------------------------------|-----------------------|
| Plan's net pension liability | <u>\$ 20,002,792</u> | <u>\$ 11,136,398</u> | <u>\$ 946,904</u> |

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2015

For the year ended December 31, 2015, the County recognized pension expense of \$2,437,373. At December 31, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources:

| | |
|----------------------------------------------------------------------------------|---------------------|
| Differences between expected and actual experience | \$ 874,918 |
| Changes in assumption | - |
| Net difference between projected and actual earnings on pension plan investments | <u>6,669,325</u> |
| Total deferred outflows of resources | <u>\$ 7,544,243</u> |

Deferred Inflows of Resources:

| | |
|----------------------------------------------------------------------------------|-------------|
| Differences between expected and actual experience | \$ - |
| Changes in assumption | - |
| Net difference between projected and actual earnings on pension plan investments | <u>-</u> |
| Total deferred inflows of resources | <u>\$ -</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31,

| | |
|------|------------------|
| 2016 | 1,857,531 |
| 2017 | 1,857,531 |
| 2018 | 1,857,531 |
| 2019 | 1,857,532 |
| 2020 | <u>114,118</u> |
| | <u>7,544,243</u> |

12. Postemployment Benefits

Plan Description

The County provides and administers the Centre County Postemployment Healthcare Benefits Plan for its employees who retire after the age of 55 with at least 20 years of service. If the employee retired before 1999, benefits continue for the life of the participant. For participants retiring in 1999 and later benefits are received until the participant reaches the age of 65. The plan provides postemployment Medicare supplemental insurance at a discounted rate to the participants and life insurance at no cost to the participants for pre-1999 retirees. The plan provides health, dental, vision, and life insurance on a member-pay-all basis for participants retiring in 1999 and later. The benefits are established and may be

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2015

amended by the County Board of Commissioners. The plan is unfunded and no financial report is prepared. These benefits are accounted for in accordance with GASB Statement No. 45, *"Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions."*

Funding Policy

The contribution requirements of plan members and the County are established and may be amended by the Board of Commissioners. The plan is funded on a pay-as-you-go basis, i.e., premiums are paid annually to fund the health care benefits provided to current retirees. Retiree contribution rates vary depending on date of retirement. Participants retiring prior to 1999 have a \$210 contribution withheld from their monthly pension disbursement. Participants retiring in 1999 and later pay eighty percent of the insurance premium monthly. The County paid premiums of \$46,656 for the year ended December 31, 2015. Total retiree contributions made by plan members were \$30,240 for the year ended December 31, 2015.

Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 10 years. The following show the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

| | Governmental Activities |
|--------------------------------------------|------------------------------------|
| Annual required contribution | \$ 523,885 |
| Interest on net OPEB obligation | - |
| Adjustment to annual required contribution | <u>(302,825)</u> |
| Annual OPEB cost (expense) | 221,060 |
| Contributions made | <u>(113,700)</u> |
| Change in net OPEB obligation | 107,360 |
| Net OPEB obligation at January 1, 2015 | <u>937,858</u> |
| Net OPEB obligation at December 31, 2015 | <u><u>\$ 1,045,218</u></u> |

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2015

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for December 31, 2015 were as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|--------------------------|-------------------------|---------------------------------------------------|----------------------------|
| December 31, 2015 | \$ 221,060 | 51.4% | \$ 1,045,218 |
| December 31, 2014 | 216,925 | 67.3% | 937,858 |
| December 31, 2013 | 306,796 | 33.3% | 866,933 |

A schedule of funding progress is provided on page 74 of these financial statements.

Funded Status and Funding Progress

The funded status of the plan as of January 1, 2014 was as follows:

| | |
|----------------------------------------------------|----------------------|
| Actuarial accrued liability | \$ 1,435,900 |
| Actuarial value of plan assets | - |
| Unfunded actuarial accrued liability (UAAL) | <u>\$ 1,435,900</u> |
| Funded ratio (actuarial value of plan assets/UAAL) | 0% |
| Covered payroll | <u>\$ 20,868,000</u> |
| UAAL as a percentage of covered payroll | 6.9% |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Actuarial amounts determined regarding the funded status of the plan and the annual required contributions of the County are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

The calculations are based on the types of benefits provided under the terms of the Centre County Employees' Retirement System plan at the time of the valuation. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2014 actuarial valuation, the most recent actuarial valuation date, the Projected Unit Credit Cost Method was used. Under the Projected Unit Credit Cost Method, the Accumulated Postretirement Benefit Obligation is the Actuarial Present Value of Benefits attributed an employee's service as of the measurement date based on the employee's

County of Centre, Pennsylvania

Notes to Financial Statements

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projected service to his or her expected retirement age. The Service Cost is the actuarial present value of benefits attributed to the employee's upcoming year of service. A 3.2% discount rate, compounded annually, was used. The health cost trend utilizes an initial rate of increase of 6.2% and ultimate rate of increase of 4.5%. The amortization method is closed 10-year level dollar amortization (beginning in fiscal year 2008). As of January 1, 2015, there are three years remaining. A 2.5% inflation assumption was used in the valuation report, with no disclosure of the investment return or projected salary increases assumed while compiling the report.

13. Inter-fund Balances and Transfers

Individual fund receivables and payables at December 31, 2015 were as follows:

| | Interfund Receivables | Interfund Payables |
|--------------------------------------------------|--------------------------|-----------------------|
| Major Funds – Governmental Fund Types: | | |
| General Fund | \$ 8,466,612 | \$ - |
| Special Revenue Fund – Children & Youth | - | 4,716,849 |
| Special Revenue Fund – MHID | - | 2,069,700 |
| Non Major Special Revenue Fund – Office of Aging | - | 680,220 |
| Non Major Special Revenue Fund – Drug & Alcohol | - | 486,791 |
| Non Major Special Revenue Fund – Adult Services | - | 209,774 |
| Major Funds – Proprietary Fund Types | | |
| 911 Fund | - | 303,278 |
| Total all funds | \$ 8,466,612 | \$ 8,466,612 |

Inter-fund transfers for the year ended December 31, 2015 were as follows:

| | In | Out |
|-----------------------------------------|------------|--------------|
| Major Funds – Governmental Fund Types | | |
| General Fund | \$ 205,704 | \$ 3,383,574 |
| Children and Youth Fund | 1,261,430 | 100,278 |
| MH/ID | 304,365 | 20,000 |
| Debt Service | - | 262,448 |
| Capital Projects | 1,262,448 | - |
| Total major governmental funds | 3,033,947 | 3,766,300 |
| Major Funds – Proprietary Fund Types | | |
| 911 Fund | 64,975 | 327 |
| Total major proprietary funds | 64,975 | 327 |
| Non-Major Funds – Special Revenue Funds | | |
| Domestic Relations Fund | 348,782 | 13,231 |
| Adult Services Fund | 120,982 | 360,000 |
| Aging Fund | 416,117 | - |

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| | | |
|---------------------------------------|---------------------|---------------------|
| Drug and Alcohol Fund | 36,000 | 24,006 |
| Agricultural Easement Fund | <u>80,000</u> | <u>-</u> |
| Total non-major special revenue funds | <u>1,001,881</u> | <u>397,237</u> |
| Internal Service Funds | | |
| Transportation | <u>63,061</u> | <u>-</u> |
| Total internal service funds | <u>63,061</u> | <u>-</u> |
| Total Fund Statement Transfers | <u>\$ 4,163,864</u> | <u>\$ 4,163,864</u> |

Inter-fund payables for government funds represent loans between funds, which are reported as due to other funds. Inter-fund transfers from the General Fund represent the local share (expenditures less grants and charges for services) for financing the special revenue funds. The transfers to and from the internal service funds represent transfers and acquisition of capital assets.

14. Unearned Revenues and Deferred Outflows

Unearned revenues arise when resources are received by the County before it has legal claim to them, such as when intergovernmental funds are received prior to the occurrence of qualifying expenditures. During subsequent periods, when the County has a legal claim to the resources, the unearned revenue is removed as a liability and the revenue is recognized.

The General Fund has unearned revenues of \$553,380. The special revenue funds have unearned revenues of \$519,683, representing grants received that were not utilized at December 31, 2015. The Capital Projects Fund has unearned revenues of \$316,364, representing grants received that were not utilized at December 31, 2015.

Deferred inflows of resources reported on the governmental funds balance sheet arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the unavailable revenue is removed as a deferred inflow of resources and the revenue is recognized.

The General Fund has unavailable revenues of \$606,695, which represents unavailable revenue representing taxes (general levy) not received within 60 days after year-end.

The Debt Service Fund has unavailable revenue of \$59,004, representing taxes (debt service levy) not received within 60 days after year-end.

15. Commitments

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if

County of Centre, Pennsylvania

Notes to Financial Statements

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any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

Capital Leases

The County entered into a capital lease agreement for vehicles in 2014. Future minimum payments by year and in the aggregate, with initial or remaining terms of one year or more are as follows:

Year ending June 30:

| | |
|----------------------------------------------------|-------------------------|
| 2016 | \$ 39,787 |
| 2017 | <u>23,314</u> |
| Total minimum lease payments | 63,101 |
| Less amount representing interest on capital lease | <u>4,669</u> |
| Payment value of net minimum capital lease payment | 58,432 |
| Current portion | <u>36,437</u> |
| Long-term capital lease obligation | <u><u>\$ 21,995</u></u> |

Operating Leases

The County leases space for certain County offices, equipment, and District Justices' offices. Such leases are classified as operating leases with expiration dates that extend through 2022. The following is a schedule of future minimum lease payments for operating leases with initial or remaining terms in excess of one year:

Years ending December 31:

| | |
|-----------|----------------------------|
| 2016 | \$ 587,853 |
| 2017 | 520,505 |
| 2018 | 498,961 |
| 2019 | 436,665 |
| 2020 | 289,373 |
| 2021-2025 | <u>714,318</u> |
| Total | <u><u>\$ 3,047,675</u></u> |

Total operating lease payments (i.e., rent) made in 2015 were \$590,000.

16. Litigation

The County is involved in several lawsuits arising in the normal course of business. It is the County Solicitor's opinion that the aggregate amount of potential claims not covered by insurance resulting from claims against the County would not materially affect the financial position of the County at December 31, 2015.

17. Risk Financing

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of, assets; errors and omissions; injuries to employees; and natural disasters.

Public Entity Risk Pools

The County participates in the Pennsylvania Counties Risk Pool (PCoRP), a public entity risk pool program of the County Commissioners Association of Pennsylvania (CCAP). The County pays an annual premium to PCoRP for its general insurance coverage. The agreement for the formation of PCoRP provides that the pool will be self-sustaining through member premiums and will reinsure through commercial insurance for claims in excess of \$350,000 for each insured event; for property damage claims in excess of \$250,000 for each insured event; for general liability claims in excess of \$450,000 for each insured event. The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining; however, this has not yet been necessary. PCoRP has published its own financial report for the year ended December 31, 2015, which can be obtained through its offices, P.O. Box 60769, Harrisburg, PA, 17106-0769 (Attn: Managing Director).

In addition, the County participates in the Unemployment Compensation Trust (UC Trust), a second public entity risk pool program administered by CCAP. The County pays an annual premium to UC Trust for unemployment compensation coverage. The UC Trust agreement provides that the pool will be self-sustaining through member premiums. The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining; however, this has not yet been necessary. UC Trust has published its own financial report for the year ended December 31, 2015, which can be obtained through its offices, P.O. Box 60769, Harrisburg, PA, 17106-0769. (Attn: Managing Director).

Commercial Insurance

The County carries commercial insurance for all other risks of loss, including health care and workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Workers' Compensation coverage is through PMA Insurance Group. Beginning with policy-year beginning February 1, 2015, the County carries a \$300,000 deductible per claim with an aggregate of \$500,000 for each policy year. Individual claims for the policy-year ended January 31, 2015 did not exceed the individual or aggregate deductible. In conjunction with this high-deductible policy, the County has developed a risk management function to develop and implement loss control techniques and to monitor claims. PMA Insurance Group has published its own financial report for the year ended December 31, 2015, which can be obtained through its office, P.O. Box, Blue Bell, PA 19422-0754.

Workers' Compensation

The County's General Fund provides coverage of up to a maximum of \$600,000 for workers' compensation through a letter of credit with M&T Bank. The County purchases commercial insurance for claims in excess of the coverage provided by the General Fund. The County reports all of its workers' compensation risk management activities in its General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate

County of Centre, Pennsylvania

Notes to Financial Statements

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of claims that have been incurred but not reported. At December 31, 2015, the amount of these liabilities was \$81,154. This liability is the County's best estimate based on available information. Changes in the reported liability resulted from the following:

| Fiscal Year | Beginning Liability | Current Year Claims and Changes in Estimated | Premium and Claim Payments | Ending Liability |
|--------------------|----------------------------|-----------------------------------------------------|-----------------------------------|-------------------------|
| 2015 | \$ 120,012 | \$ 193,722 | \$ 232,580 | \$ 81,154 |
| 2014 | 215,637 | 224,657 | 320,282 | 120,012 |

18. Fund Balance Classifications

The County presents its governmental fund balances by level of constraint in the aggregate on its balance sheet – governmental funds. The individual specific purposes of each constraint are presented below:

| | General Fund | Children & Youth | Mental Health/Intellectual Disabilities | Debt Service | Capital Projects | Non-Major Governmental Funds | Total |
|-------------------------------|---------------------|-----------------------------|------------------------------------------------|---------------------|-------------------------|-------------------------------------|--------------|
| Nonspendable: | | | | | | | |
| Prepaid items and inventories | \$ 502,024 | \$ 30 | \$ 11,617 | \$ - | \$ - | \$ 4,422 | \$ 518,093 |
| Restricted: | | | | | | | |
| Judicial | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 413,193 | \$ 413,193 |
| Public works | - | - | - | - | - | 214,400 | 214,400 |
| Conservation and development | 1,827,664 | - | - | - | - | 256,437 | 2,084,101 |
| Public safety | 910,627 | - | - | - | - | 46,123 | 956,750 |
| Human services | - | - | - | - | - | 40,000 | 40,000 |
| Debt service | - | - | - | 1,006,054 | - | - | 1,006,054 |
| Records mgmt data automation | 546,872 | - | - | - | - | - | 546,872 |
| Total | \$ 3,285,163 | \$ - | \$ - | \$ 1,006,054 | \$ - | \$ 970,153 | \$ 5,261,370 |
| Assigned: | | | | | | | |
| Public safety | \$ 429,498 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 429,498 |
| Capital projects | - | - | - | - | 4,568,025 | - | 4,568,025 |
| Total | \$ 429,498 | \$ - | \$ - | \$ - | \$ 4,568,025 | \$ - | \$ 4,997,523 |

19. Pending Changes in Accounting Principles

GASB has issued Statement No. 72, "Fair Value Measurement and Application," effective for financial statements for periods beginning after June 15, 2015 (the County's financial statements for the year ending December 31, 2016). This statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements.

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Notes to Financial Statements

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GASB Statement No. 73, *“Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,”* effective for fiscal years beginning after June 15, 2015 (the County’s financial statements for the year ending December 31, 2016) – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for financial statements for fiscal years beginning after June 15, 2016 (the County’s financial statements for the year ending December 31, 2017). This Statement establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (those not covered by Statements No. 67 and 68).

GASB has issued Statement No. 74, *“Financial reporting for postemployment benefit plans other than pension plans,”* effective for the period beginning after June 15, 2016 (the County’s financial statements for the year ending December 31, 2017). The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

GASB has issued Statement No. 75, *“Accounting and financial reporting for postemployment benefit plans other than pension plans,”* effective for the period beginning after June 15, 2017 (the County’s financial statements for the year ending December 31, 2018). The objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits).

GASB Statement No. 76, *“Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,”* effective for fiscal years beginning after June 15, 2015 (the County’s financial statements for the year ending December 31, 2016). This Statement identifies the hierarchy of generally accepted accounting principles (GAAP), reduces this hierarchy to two categories of authoritative GAAP, and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55.

GASB has issued Statement No. 80, *“Blending requirements for certain component units-an amendment of GASB Statement No. 14,”* effective for the period beginning after June 15, 2016 (the County’s financial statements for the year ending December 31, 2017). The objective of this statement is to improve financial reporting by clarifying the financial statement presentation for certain component units.

GASB has issued Statement No. 82, *“Pension issues – An amendment of GASB statements No. 67, No. 68, and No. 73,”* effective for the period beginning after June 15, 2016 (the County’s financial statements for the year ending December 31, 2017). The objective of this statement is to address certain issues that have been raised with respect to Statements No. 67, *“Financial Reporting for Pension Plans,”* No. 68, *“Accounting and Financial Reporting for Pensions,”* and No. 73, *“Accounting and Financial Reporting for Pensions and Related Assets That are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.”*

County management is in the process of analyzing these pending changes in accounting principles and the impact they will have on the financial reporting process.

County of Centre, Pennsylvania

Required Supplementary Information

Schedule of Funding Progress

Required for Other Postemployment Benefit Plans

Information is as of the Most Recent Actuarial Valuation

(Unaudited)

Other Postemployment Benefit Plan (Actuarial Valuation January 1, 2014)

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) - Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a % of Covered Payroll ((b-a)/c) |
|-----------------------------------------|--------------------------------------------------|--------------------------------------------------------------------------|----------------------------------------------|-----------------------------------|------------------------------------|-----------------------------------------------------------------|
| 01/01/10 | \$ - | \$ 1,372,000 | \$ 1,372,000 | 0.0% | \$27,963,000 | 4.9% |
| 01/01/12 | - | 1,640,000 | 1,640,000 | 0.0% | 28,455,000 | 5.8% |
| 01/01/14 | - | 1,436,000 | 1,436,000 | 0.0% | 20,868,000 | 6.9% |

Note: Actuarial valuation is completed biannually for the other postemployment benefit plan.

County of Centre, Pennsylvania**Required Supplementary Information-
Employees' Retirement Plan****Schedule of Changes in the Retirement Plan's Net
Pension Liability and Related Ratios
(Unaudited)****Years Ended December 31,**

| | <u>2015</u> | <u>2014</u> |
|---------------------------------------------------------------------------------------|------------------------------|------------------------------|
| Total Pension Liability: | | |
| Service cost | \$ 895,738 | \$ 899,802 |
| Interest | 7,699,521 | 7,534,838 |
| Changes of benefit terms | 770,999 | - |
| Differences between expected and actual experience | 1,065,118 | (363,066) |
| Changes of assumptions | - | - |
| Benefit payments, including refunds of member contributions | <u>(5,843,975)</u> | <u>(5,898,516)</u> |
| Net Changes in Total Pension Liability | 4,587,401 | 2,173,058 |
| Total Pension Liability - Beginning | <u>104,633,706</u> | <u>102,460,648</u> |
| Total Pension Liability - Ending (a) | <u><u>\$ 109,221,107</u></u> | <u><u>\$ 104,633,706</u></u> |
| Plan Fiduciary Net Position: | | |
| Contributions - employer | \$ 1,591,049 | \$ 2,064,993 |
| Contributions - member | 1,282,160 | 1,225,880 |
| Net investment income (loss) | (805,448) | 5,576,615 |
| Benefit payments, including refunds of member contributions | (5,843,975) | (5,898,516) |
| Administrative expense | <u>(26,952)</u> | <u>(27,474)</u> |
| Net Change in Plan Fiduciary Net Position | (3,803,166) | 2,941,498 |
| Plan Fiduciary Net Position - Beginning | <u>101,887,875</u> | <u>98,946,377</u> |
| Plan Fiduciary Net Position - Ending (b) | <u><u>\$ 98,084,709</u></u> | <u><u>\$ 101,887,875</u></u> |
| Net Pension Liability - Ending (a-b) | <u><u>\$ 11,136,398</u></u> | <u><u>\$ 2,745,831</u></u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | <u><u>89.80%</u></u> | <u><u>97.38%</u></u> |
| Covered Employee Payroll | <u><u>\$ 21,813,286</u></u> | <u><u>\$ 21,813,286</u></u> |
| Net Pension Liability as a Percentage of Covered Employee Payroll | 51.05% | 12.59% |

Note: The significant methods and assumptions used in calculating the actuarially determined contributions are described in the notes to financial statements.

Note 2 - The amounts presented for each fiscal year were determined as of the fiscal year-end date. 2014 was the first year of implementation.

County of Centre, Pennsylvania

Required Supplementary Information-
Employees' Retirement Plan

Schedule of Plan Contributions
And Investment Returns
(Unaudited)

Years Ended December 31,

| <u>Schedule of Contributions</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|----------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------------|
| Actuarially determined contribution | \$ 1,591,049 | \$ 2,064,993 | \$ 3,114,683 | \$ 3,138,618 | \$ 3,046,820 | \$ 2,856,056 | \$ 2,604,345 | \$ 1,373,235 | \$ 1,452,061 | \$ 1,416,645 |
| Contributions in relation to the actuarially determined contribution | <u>1,591,049</u> | <u>2,064,993</u> | <u>3,114,683</u> | <u>3,138,618</u> | <u>3,046,820</u> | <u>2,856,056</u> | <u>2,604,345</u> | <u>1,373,235</u> | <u>1,452,061</u> | <u>1,416,645</u> |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered employee payroll | <u>\$ 22,895,714</u> | <u>\$ 21,813,286</u> | <u>\$ 21,564,804</u> | <u>\$ 29,910,698</u> | <u>\$ 29,142,230</u> | <u>\$ 28,770,726</u> | <u>\$ 29,906,346</u> | <u>\$ 29,196,692</u> | <u>\$ 27,464,697</u> | <u>n/a</u> |
| Contributions as a percentage of covered employee payroll | 6.95% | 9.47% | 14.44% | 10.49% | 10.45% | 9.93% | 8.71% | 4.70% | 5.29% | n/a |
| <u>Investment Returns</u> | | | | | | | | | | |
| Annual money-weighted rate of return, net of investment expense | 0.38% | 4.41% | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |

n/a - information not available as 2014 was the first year of implementation

Note: The significant methods and assumptions used in calculating the actuarially determined contributions are described in the notes to financial statements.



County of Centre, Pennsylvania

Description of Major Governmental Funds

Year Ended December 31, 2015

The **General Fund** is the principal fund of the County and accounts for all financial activities not accounted for in other funds. The majority of current operating expenditures of the County, other than proprietary fund activities, are financed through revenues of the General Fund. The General Fund is always considered a major fund for governmental fund reporting purposes.

Debt Service: To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects: To account for the accumulation of financial resources used for capital improvements (other than those financed by proprietary funds).

County of Centre, Pennsylvania**Schedule of Expenditures Compared to Budget (GAAP Basis)**

General Fund

Year Ended December 31, 2015

| | Budget | Actual | Variances Positive (Negative) |
|--------------------------|--------------|--------------|-------------------------------------|
| Current | | | |
| General government: | | | |
| Administrative: | | | |
| Commissioners | \$ 1,075,748 | \$ 1,034,059 | \$ 41,689 |
| Risk Management | 118,794 | 117,408 | 1,386 |
| Human Resources | 334,805 | 310,048 | 24,757 |
| Tax Assessment | 649,729 | 612,681 | 37,048 |
| Tax Collection | 181,820 | 169,714 | 12,106 |
| Tax Claim | 232,525 | 213,272 | 19,253 |
| Treasurer | 231,305 | 210,202 | 21,103 |
| Controller | 489,184 | 474,313 | 14,871 |
| General Administration | 2,429,016 | 1,857,861 | 571,155 |
| Elections | 535,416 | 465,789 | 69,627 |
| Public Defender | 1,012,940 | 997,444 | 15,496 |
| Recorder of Deeds | 406,252 | 351,890 | 54,362 |
| Records Management | 159,056 | 146,822 | 12,234 |
| Planning | 1,111,230 | 1,084,404 | 26,826 |
| GIS | 175,662 | 170,412 | 5,250 |
| Maintenance | 1,158,212 | 895,355 | 262,857 |
| Miscellaneous | 346,391 | 329,751 | 16,640 |
| Total administrative | 10,648,085 | 9,441,425 | 1,206,660 |
| Judicial: | | | |
| Sheriff | 1,502,004 | 1,494,559 | 7,445 |
| Coroner | 338,147 | 332,398 | 5,749 |
| District Attorney | 1,602,431 | 1,446,625 | 155,806 |
| Prothonotary | 710,104 | 699,401 | 10,703 |
| Register of Wills | 311,248 | 272,063 | 39,185 |
| DJ - State College #1 | 268,260 | 242,772 | 25,488 |
| DJ - Centre Region | 347,551 | 329,404 | 18,147 |
| DJ - Bellefonte | 292,970 | 288,610 | 4,360 |
| DJ - Phillipsburg | 273,935 | 226,344 | 47,591 |
| DJ - Centre Hall | 247,936 | 223,554 | 24,382 |
| DJ - State College #2 | 276,360 | 212,228 | 64,132 |
| Court Administration | 1,708,934 | 1,707,323 | 1,611 |
| Total judicial | 7,879,880 | 7,475,281 | 404,599 |
| Total general government | 18,527,965 | 16,916,706 | 1,611,259 |

(Continued)

County of Centre, Pennsylvania

Schedule of Expenditures Compared to Budget (GAAP Basis)

General Fund

Year Ended December 31, 2015

| | Budget | Actual | Variances Positive (Negative) |
|------------------------------------------------|----------------------|----------------------|-------------------------------------|
| Public Safety: | | | |
| Probation | 1,895,269 | 1,812,457 | 82,812 |
| DUI | 227,500 | 59,531 | 167,969 |
| DUI Court | 118,745 | 110,828 | 7,917 |
| Juvenile Probation | 1,027,070 | 658,097 | 368,973 |
| Criminal Justice Planning | 300,225 | 300,223 | 2 |
| Prison | 8,903,245 | 8,313,549 | 589,696 |
| Prison Central Booking | 164,774 | 283,350 | (118,576) |
| Emergency Services | 361,239 | 303,679 | 57,560 |
| Fire Training | 132,169 | 102,268 | 29,901 |
| Weights and Measures | 78,712 | 77,347 | 1,365 |
| Public Safety | 6,000 | 6,000 | - |
| Total Public Safety | <u>13,214,948</u> | <u>12,027,329</u> | <u>1,187,619</u> |
| Public Works: | | | |
| Solid Waste | <u>123,983</u> | <u>123,983</u> | <u>-</u> |
| Total Public Works | <u>123,983</u> | <u>123,983</u> | <u>-</u> |
| Human Services: | | | |
| Veteran Affairs | 195,273 | 169,883 | 25,390 |
| Human Services, Other | - | - | - |
| Total Human Services | <u>195,273</u> | <u>169,883</u> | <u>25,390</u> |
| Culture and Recreation, Unrestricted Grants | <u>546,188</u> | <u>546,188</u> | <u>-</u> |
| Conservation and Development: | | | |
| Housing and Community Development | 722,616 | 586,697 | 135,919 |
| Community Development Block Grant | 375,183 | 255,726 | 119,457 |
| Cooperative Extension | 191,651 | 189,529 | 2,122 |
| Conservation District | 560,125 | 527,311 | 32,814 |
| Agricultural Easement | 79,391 | 79,973 | (582) |
| Conservation and Development, Other | <u>204,576</u> | <u>204,579</u> | <u>(3)</u> |
| Total Conservation and Development | <u>2,133,542</u> | <u>1,843,815</u> | <u>289,727</u> |
| Debt service, principal | - | 19,384 | (19,384) |
| Total expenditures | <u>\$ 34,741,899</u> | <u>\$ 31,647,288</u> | <u>\$ 3,094,611</u> |

(Concluded)

County of Centre, Pennsylvania
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget-to-Actual Comparison
Major Governmental Funds
Year Ended December 31, 2015

| | Debt Services | | | | Capital Projects | | | |
|----------------------------------------------------------------------|---------------------|---------------------|---------------------|-----------------------------------------------------------|--------------------|---------------------|---------------------|-----------------------------------------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
| | Original | Final | | | Original | Final | | |
| Revenues | | | | | | | | |
| Real estate taxes | \$ 3,992,682 | \$ 3,992,682 | \$ 4,001,407 | \$ 8,725 | \$ - | \$ - | \$ - | \$ - |
| Interest and rents | - | - | 10,570 | 10,570 | - | - | - | - |
| Contributions and other revenues | - | - | - | - | - | - | 2,048 | 2,048 |
| Total revenues | <u>3,992,682</u> | <u>3,992,682</u> | <u>4,011,977</u> | <u>19,295</u> | <u>-</u> | <u>-</u> | <u>2,048</u> | <u>2,048</u> |
| Expenditures | | | | | | | | |
| Current: | | | | | | | | |
| Debt service: | | | | | | | | |
| Principal | 3,135,000 | 3,135,000 | 3,135,000 | - | - | - | - | - |
| Interest | 1,258,705 | 1,230,502 | 1,260,388 | (29,886) | - | - | - | - |
| Other cost | 3,400 | 3,400 | 2,700 | 700 | - | - | - | - |
| Capital outlay | - | - | - | - | 7,807,165 | 8,807,165 | 5,361,173 | 3,445,992 |
| Total expenditures | <u>4,397,105</u> | <u>4,368,902</u> | <u>4,398,088</u> | <u>(29,186)</u> | <u>7,807,165</u> | <u>8,807,165</u> | <u>5,361,173</u> | <u>3,445,992</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(404,423)</u> | <u>(376,220)</u> | <u>(386,111)</u> | <u>(9,891)</u> | <u>(7,807,165)</u> | <u>(8,807,165)</u> | <u>(5,359,125)</u> | <u>3,448,040</u> |
| Other Financing Sources (Uses) | | | | | | | | |
| Operating transfers - in | - | - | - | - | - | - | 1,262,448 | 1,262,448 |
| Operating transfers - out | - | - | (262,448) | (262,448) | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(262,448)</u> | <u>(262,448)</u> | <u>-</u> | <u>-</u> | <u>1,262,448</u> | <u>1,262,448</u> |
| Net Change in Fund Balances | <u>(404,423)</u> | <u>(376,220)</u> | <u>(648,559)</u> | <u>\$ (272,339)</u> | <u>(7,807,165)</u> | <u>(8,807,165)</u> | <u>(4,096,677)</u> | <u>\$ 4,710,488</u> |
| Fund Balance, Beginning | <u>1,654,613</u> | <u>1,654,613</u> | <u>1,654,613</u> | | <u>8,664,702</u> | <u>8,664,702</u> | <u>8,664,702</u> | |
| Fund Balance, Ending | <u>\$ 1,250,190</u> | <u>\$ 1,278,393</u> | <u>\$ 1,006,054</u> | | <u>\$ 857,537</u> | <u>\$ (142,463)</u> | <u>\$ 4,568,025</u> | |

County of Centre, Pennsylvania

Description of Non-Major Governmental Funds

Year Ended December 31, 2015

The following non-major governmental funds are special revenue funds used to account for revenues that are legally restricted to expenditures for particular purposes.

Agricultural Easement Fund: To account for the revenues and expenditures relating to the operation of the Commonwealth of Pennsylvania's Agricultural Conservation Easement Purchase Program.

Liquid Fuels Tax Fund: To account for state aid revenues used for the building of and improving of roads and bridges, as well as allocations to local municipalities for street and road maintenance. Financing is provided by the County's share of state gasoline taxes.

Domestic Relations Office Fund: To account for the operations and administration of the County's Domestic Relations Department. Financing is provided by state and federal grants with an appropriation from the County General Fund.

Office of Aging Fund: To account for the operations and administration of the County's Office of Aging. Financing is provided by state and federal grants with an appropriation from the County General Fund.

Drug and Alcohol Fund: To account for operations and administration of the County's Drug and Alcohol Department. Financing is provided by state and federal grants with an appropriation from the County General Fund.

Adult Services Fund: To account for operations and administration of the County's Adult Services Department. Financing is provided by state and federal grants with an appropriation from the County General Fund.

Hazardous Materials Response Fund: To account for the operations of the County's Hazardous Materials Response Department. Financing is provided by state grants and local fees for services provided.

County of Centre, Pennsylvania

Combining Balance Sheet
 Non-Major Governmental Funds
 December 31, 2015

| | Special Revenue Funds | | | | | | | Total |
|----------------------------------------|--------------------------|------------------------|---------------------------------|--------------------|---------------------|-------------------|-----------------------------------|---------------------|
| | Agricultural Easement | Liquid Fuels Tax | Domestic Relations Office | Office Of Aging | Drug And Alcohol | Adult Services | Hazardous Material Response | |
| Assets | | | | | | | | |
| Cash and cash equivalents | \$ 256,437 | \$ 214,400 | \$ 460,147 | \$ - | \$ - | \$ - | \$ 78,624 | \$ 1,009,608 |
| Accounts receivable - other | - | - | - | 871,504 | 180,069 | 257,294 | - | 1,308,867 |
| Prepaid items | - | - | - | 2,424 | 1,998 | - | - | 4,422 |
| Accounts receivable - grants | - | - | 118,736 | 34,640 | 464,962 | 8,812 | - | 627,150 |
| Total assets | <u>\$ 256,437</u> | <u>\$ 214,400</u> | <u>\$ 578,883</u> | <u>\$ 908,568</u> | <u>\$ 647,029</u> | <u>\$ 266,106</u> | <u>\$ 78,624</u> | <u>\$ 2,950,047</u> |
| Liabilities and Fund Balances | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable and accrual | \$ - | \$ - | \$ 1,286 | \$ 82,576 | \$ 153,381 | \$ 52,030 | \$ - | \$ 289,273 |
| Due to other funds | - | - | - | 680,220 | 486,791 | 209,774 | - | 1,376,785 |
| Accrued payroll | - | - | 15,480 | 19,810 | 6,857 | 1,868 | - | 44,015 |
| Unearned revenue | - | - | 148,924 | 83,538 | - | 2,434 | \$ 32,501 | 267,397 |
| Total liabilities | - | - | 165,690 | 866,144 | 647,029 | 266,106 | 32,501 | 1,977,470 |
| Fund Balances: | | | | | | | | |
| Nonspendable | - | - | - | 2,424 | 1,998 | - | - | 4,422 |
| Restricted | 256,437 | 214,400 | 413,193 | 40,000 | - | - | 46,123 | 970,153 |
| Unassigned | - | - | - | - | (1,998) | - | - | (1,998) |
| Total fund balances | <u>256,437</u> | <u>214,400</u> | <u>413,193</u> | <u>42,424</u> | <u>-</u> | <u>-</u> | <u>46,123</u> | <u>972,577</u> |
| Total liabilities and fund balances | <u>\$ 256,437</u> | <u>\$ 214,400</u> | <u>\$ 578,883</u> | <u>\$ 908,568</u> | <u>\$ 647,029</u> | <u>\$ 266,106</u> | <u>\$ 78,624</u> | <u>\$ 2,950,047</u> |

County of Centre, Pennsylvania

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Non-Major Governmental Funds

Year Ended December 31, 2015

| | Special Revenue Funds | | | | | | | |
|----------------------------------------------------------------------|--------------------------|---------------------|---------------------------------|--------------------|---------------------|------------------|-----------------------------------|-------------------|
| | Agricultural Easement | Liquid Fuels Tax | Domestic Relations Office | Office Of Aging | Drug And Alcohol | Adult Services | Hazardous Material Response | Total |
| Revenues | | | | | | | | |
| Grants | \$ - | \$ 185,942 | \$ 797,262 | \$ 2,309,025 | \$ 1,275,738 | \$ 1,097,471 | \$ 5,671 | \$ 5,671,109 |
| Interest and rents | - | 1,282 | 588 | - | - | 11 | 36 | 1,917 |
| Charges for service | - | - | 5,612 | 14,834 | 67,837 | - | 14,925 | 103,208 |
| Contributions and other revenues | <u>7,779</u> | <u>-</u> | <u>-</u> | <u>16,073</u> | <u>-</u> | <u>800</u> | <u>27,493</u> | <u>52,145</u> |
| Total revenues | <u>7,779</u> | <u>187,224</u> | <u>803,462</u> | <u>2,339,932</u> | <u>1,343,575</u> | <u>1,098,282</u> | <u>48,125</u> | <u>5,828,379</u> |
| Expenditures | | | | | | | | |
| General government - judicial | - | - | 1,152,244 | - | - | - | - | 1,152,244 |
| Public safety | - | - | - | - | - | - | 35,574 | 35,574 |
| Public works | - | 178,765 | - | - | - | - | - | 178,765 |
| Human services | - | - | - | 2,774,440 | 1,355,569 | 859,264 | - | 4,989,273 |
| Conservation and development | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>-</u> | <u>178,765</u> | <u>1,152,244</u> | <u>2,774,440</u> | <u>1,355,569</u> | <u>859,264</u> | <u>35,574</u> | <u>6,355,856</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>7,779</u> | <u>8,459</u> | <u>(348,782)</u> | <u>(434,508)</u> | <u>(11,994)</u> | <u>239,018</u> | <u>12,551</u> | <u>(527,477)</u> |
| Other Financing Sources (Uses) | | | | | | | | |
| Transfers - in | 80,000 | - | 348,782 | 416,117 | 36,000 | 120,982 | - | 1,001,881 |
| Transfers - out | <u>-</u> | <u>-</u> | <u>(13,231)</u> | <u>-</u> | <u>(24,006)</u> | <u>(360,000)</u> | <u>-</u> | <u>(397,237)</u> |
| Total other financing sources (uses) | <u>80,000</u> | <u>-</u> | <u>335,551</u> | <u>416,117</u> | <u>11,994</u> | <u>(239,018)</u> | <u>-</u> | <u>604,644</u> |
| Net Changes in Fund Balances | 87,779 | 8,459 | (13,231) | (18,391) | - | - | 12,551 | 77,167 |
| Fund Balances, Beginning | <u>168,658</u> | <u>205,941</u> | <u>426,424</u> | <u>60,815</u> | <u>-</u> | <u>-</u> | <u>33,572</u> | <u>895,410</u> |
| Fund Balances, Ending | <u>\$ 256,437</u> | <u>\$ 214,400</u> | <u>\$ 413,193</u> | <u>\$ 42,424</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 46,123</u> | <u>\$ 972,577</u> |

County of Centre, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget-to-Actual Comparison

Non-Major Governmental Funds

Year Ended December 31, 2015

| | Special Revenue Funds | | | | | | | | | | | | |
|-----------------------------------------------------------|-------------------------------|-----------|-----------------------------------------------------------|-------------------------------|------------|-----------------------------------------------------------|-------------------------------|------------|-----------------------------------------------------------|-----------------|--------------|--------------|-----------------------------------------------------------|
| | Agricultural Easement | | | Liquid Fuels Tax | | | Domestic Relations | | | Office of Aging | | | |
| | Budget Original & Final | Actual | Variance with Final Budget - Positive (Negative) | Budget Original & Final | Actual | Variance with Final Budget - Positive (Negative) | Budget Original & Final | Actual | Variance with Final Budget - Positive (Negative) | Budgeted Amount | | Actual | Variance with Final Budget - Positive (Negative) |
| | | | | | | | | | | Original | Final | | |
| Revenues | | | | | | | | | | | | | |
| Grants | \$ - | \$ - | \$ - | \$ 191,674 | \$ 185,942 | \$ (5,732) | \$ 803,944 | \$ 797,262 | \$ (6,682) | \$ 2,362,391 | \$ 2,402,391 | \$ 2,309,025 | \$ (93,366) |
| Interest | - | - | - | 1,000 | 1,282 | 282 | 1,200 | 588 | (612) | - | - | - | - |
| Charges for service | - | - | - | - | - | - | 5,600 | 5,612 | 12 | 19,763 | 19,763 | 14,834 | (4,929) |
| Contributions and other revenues | 10,000 | 7,779 | (2,221) | - | - | - | - | - | - | 40,782 | 15,832 | 16,073 | 241 |
| Total revenues | 10,000 | 7,779 | (2,221) | 192,674 | 187,224 | (5,450) | 810,744 | 803,462 | (7,282) | 2,422,936 | 2,437,986 | 2,339,932 | (98,054) |
| Expenditures | | | | | | | | | | | | | |
| General government - judicial | - | - | - | - | - | - | 1,193,428 | 1,152,244 | 41,184 | - | - | - | - |
| Public works | - | - | - | 178,764 | 178,765 | (1) | - | - | - | - | - | - | - |
| Human services | - | - | - | - | - | - | - | - | - | 2,809,648 | 2,884,698 | 2,774,440 | 110,258 |
| Conservation and development | 100,000 | - | 100,000 | - | - | - | - | - | - | - | - | - | - |
| Total expenditures | 100,000 | - | 100,000 | 178,764 | 178,765 | (1) | 1,193,428 | 1,152,244 | 41,184 | 2,809,648 | 2,884,698 | 2,774,440 | 110,258 |
| Excess (Deficiency) Revenues Over (Under) Expenditures | (90,000) | 7,779 | 97,779 | 13,910 | 8,459 | (5,451) | (382,684) | (348,782) | 33,902 | (386,712) | (446,712) | (434,508) | 12,204 |
| Other Financing Sources (Uses) | | | | | | | | | | | | | |
| Transfers - In | 80,000 | 80,000 | - | - | - | - | 368,234 | 348,782 | (19,452) | 386,712 | 446,712 | 416,117 | (30,595) |
| Transfers - out | - | - | - | - | - | - | - | (13,231) | - | - | - | - | - |
| Total other financing sources (uses) | 80,000 | 80,000 | - | - | - | - | 368,234 | 335,551 | (19,452) | 386,712 | 446,712 | 416,117 | (30,595) |
| Net Changes in Fund Balances | (10,000) | 87,779 | \$ 97,779 | \$ 13,910 | 8,459 | \$ (5,451) | \$ (14,450) | (13,231) | \$ 1,219 | \$ - | \$ - | (18,391) | \$ (18,391) |
| Fund Balances, Beginning | | 168,658 | | | 205,941 | | | 426,424 | | | | 60,815 | |
| Fund Balances, Ending | | \$256,437 | | | \$ 214,400 | | | \$ 413,193 | | | | \$ 42,424 | |

(Continued)

County of Centre, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget-to-Actual Comparison

Non-Major Governmental Funds

Year Ended December 31, 2015

| | Special Revenue Funds | | | | | | | | | | | |
|-------------------------------------------------------------------|-----------------------|------------------|------------------|-----------------------------------------------------------|------------------|------------------|------------------|-----------------------------------------------------------|-----------------------------|---------------|------------------|-----------------------------------------------------------|
| | Drug and Alcohol | | | | Adult Services | | | | Hazardous Material Response | | | |
| | Budgeted Amount | | Actual | Variance with Final Budget - Positive (Negative) | Budgeted Amount | | Actual | Variance with Final Budget - Positive (Negative) | Budgeted Amount | | Actual | Variance with Final Budget - Positive (Negative) |
| | Original | Final | | | Original | Final | | | Original | Final | | |
| Revenues | | | | | | | | | | | | |
| Grants | \$ 1,197,713 | \$ 1,277,181 | \$ 1,275,738 | \$ (1,443) | \$ 570,497 | \$ 1,093,415 | \$ 1,097,471 | \$ 4,056 | \$ 9,100 | \$ 9,100 | \$ 5,671 | \$ (3,429) |
| Interest | 25 | 25 | - | (25) | 26 | 26 | 11 | (15) | 24 | 24 | 36 | 12 |
| Charges for service | 65,000 | 65,000 | 67,837 | 2,837 | - | - | - | - | 12,900 | 12,900 | 14,925 | 2,025 |
| Contributions and other revenues | - | - | - | - | 1,442 | 1,442 | 800 | (642) | - | 24,219 | 27,493 | 3,274 |
| Total revenues | <u>1,262,738</u> | <u>1,342,206</u> | <u>1,343,575</u> | <u>1,369</u> | <u>571,965</u> | <u>1,094,883</u> | <u>1,098,282</u> | <u>3,399</u> | <u>22,024</u> | <u>46,243</u> | <u>48,125</u> | <u>1,882</u> |
| Expenditures | | | | | | | | | | | | |
| Public safety | - | - | - | - | - | - | - | - | 22,024 | 46,243 | 35,574 | 10,669 |
| Human services | <u>1,298,738</u> | <u>1,378,206</u> | <u>1,355,569</u> | <u>22,637</u> | <u>741,935</u> | <u>859,853</u> | <u>859,264</u> | <u>589</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>1,298,738</u> | <u>1,378,206</u> | <u>1,355,569</u> | <u>22,637</u> | <u>741,935</u> | <u>859,853</u> | <u>859,264</u> | <u>589</u> | <u>22,024</u> | <u>46,243</u> | <u>35,574</u> | <u>10,669</u> |
| Excess (Deficiency) Revenues Over (Under) Expenditures | <u>(36,000)</u> | <u>(36,000)</u> | <u>(11,994)</u> | <u>24,006</u> | <u>(169,970)</u> | <u>235,030</u> | <u>239,018</u> | <u>3,988</u> | <u>-</u> | <u>-</u> | <u>12,551</u> | <u>12,551</u> |
| Other Financing Sources (Uses) | | | | | | | | | | | | |
| Transfers - in | 36,000 | 36,000 | 36,000 | - | 169,970 | 124,970 | 120,982 | (3,988) | - | - | - | - |
| Transfers - out | <u>-</u> | <u>-</u> | <u>(24,006)</u> | <u>(24,006)</u> | <u>(20,656)</u> | <u>(360,000)</u> | <u>(360,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>36,000</u> | <u>36,000</u> | <u>11,994</u> | <u>(24,006)</u> | <u>149,314</u> | <u>(235,030)</u> | <u>(239,018)</u> | <u>(3,988)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Changes in Fund Balances | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>12,551</u> | <u>\$ 12,551</u> |
| Fund Balances, Beginning | | | <u>-</u> | | | | <u>-</u> | | | | <u>33,572</u> | |
| Fund Balances, Ending | | | <u>\$ -</u> | | | | <u>\$ -</u> | | | | <u>\$ 46,123</u> | |

(Concluded)

County of Centre, Pennsylvania

Description of Internal Service Funds

Year Ended December 31, 2015

Internal Service Funds are maintained to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, on a cost - reimbursement basis. The County maintains two Internal Service Funds; a description of the Internal Service Funds used by the County is as follows:

Transportation Department: The Transportation Department provides transportation services to other County Departments on a cost reimbursement basis.

Management Information Systems: The Management Information Systems department provides computer and information services to other County departments on a cost reimbursement basis.

Financing for the County's two Internal Service Funds is provided principally by charges for services.

County of Centre, Pennsylvania

Combining Balance Sheet

Internal Service Funds

December 31, 2015

| | Transportation Department | Management Information System | Total |
|------------------------------------------|--------------------------------------|----------------------------------------------|---------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 152,992 | \$ 1,809,400 | \$ 1,962,392 |
| Accounts receivable | 12,464 | 451 | 12,915 |
| Due from other governments | 87,898 | - | 87,898 |
| Prepaid expenses | <u>23,768</u> | <u>143,523</u> | <u>167,291</u> |
| Total current assets | <u>277,122</u> | <u>1,953,374</u> | <u>2,230,496</u> |
| Capital assets | 2,818,700 | 2,718,097 | 5,536,797 |
| Less accumulated depreciation | <u>(1,861,279)</u> | <u>(1,910,337)</u> | <u>(3,771,616)</u> |
| Capital assets, net | <u>957,421</u> | <u>807,760</u> | <u>1,765,181</u> |
| Total assets | <u>\$ 1,234,543</u> | <u>\$ 2,761,134</u> | <u>\$ 3,995,677</u> |
| Liabilities | | | |
| Current Liabilities: | | | |
| Accounts payable and accrued expenses | \$ 69,298 | \$ 69,363 | \$ 138,661 |
| Unearned revenue | 2,706 | - | 2,706 |
| Current portion of capital lease payable | <u>36,437</u> | <u>-</u> | <u>36,437</u> |
| Total current liabilities | <u>108,441</u> | <u>69,363</u> | <u>177,804</u> |
| Noncurrent Liabilities: | | | |
| Capital lease payable | 21,995 | - | 21,995 |
| Compensated absences | <u>93,612</u> | <u>-</u> | <u>93,612</u> |
| Total noncurrent liabilities | <u>115,607</u> | <u>-</u> | <u>115,607</u> |
| Total liabilities | <u>224,048</u> | <u>69,363</u> | <u>293,411</u> |
| Net Position | | | |
| Net investment in capital assets | 898,989 | 807,760 | 1,706,749 |
| Unrestricted | <u>111,506</u> | <u>1,884,011</u> | <u>1,995,517</u> |
| Total net position | <u>1,010,495</u> | <u>2,691,771</u> | <u>3,702,266</u> |
| Total liabilities and net position | <u>\$ 1,234,543</u> | <u>\$ 2,761,134</u> | <u>\$ 3,995,677</u> |

County of Centre, Pennsylvania**Combining Statement of Revenues, Expenses and Changes in Net Position****Internal Service Funds**

Year ended December 31, 2015

| | Transportation Department | Management Information System | Total |
|---------------------------------------------|--------------------------------------|----------------------------------------------|--------------|
| Operating Revenues | | | |
| Charges for services | \$ 2,040,923 | \$ 1,548,873 | \$ 3,589,796 |
| Operating Expenses | | | |
| Salaries and benefits | 1,167,104 | - | 1,167,104 |
| Purchased services and supplies | 726,144 | 1,692,167 | 2,418,311 |
| Depreciation | 438,548 | 180,932 | 619,480 |
| Total operating expenses | 2,331,796 | 1,873,099 | 4,204,895 |
| Operating (loss) | (290,873) | (324,226) | (615,099) |
| Nonoperating Revenues (Expenses) | | | |
| Interest income | 4 | - | 4 |
| Loss on disposal of equipment | 26,894 | - | 26,894 |
| Capital lease interest | (1,003) | - | (1,003) |
| Total nonoperating revenues (expenses), net | 25,895 | - | 25,895 |
| Capital Contributions | 376,892 | - | 376,892 |
| Income (Loss) Before Transfers | 111,914 | (324,226) | (212,312) |
| Transfers in | 63,061 | - | 63,061 |
| Change in Net Position | 174,975 | (324,226) | (149,251) |
| Net Position, Beginning of Year | 835,520 | 3,015,997 | 3,851,517 |
| Net Position, End of Year | \$ 1,010,495 | \$ 2,691,771 | \$ 3,702,266 |

County of Centre, Pennsylvania

Combining Statement of Cash Flows

Internal Service Funds

Year Ended December 31, 2015

| | Transportation Department | Management Information System | Total |
|----------------------------------------------------------------------------------------------------------|--------------------------------------|----------------------------------------------|--------------|
| Cash Flows from Operating Activities | | | |
| Receipts from customers and users | \$ 1,090,004 | \$ 1,548,851 | \$ 2,638,855 |
| Payments received from interfund services | 936,340 | - | 936,340 |
| Payments to suppliers | (766,919) | (1,715,260) | (2,482,179) |
| Payments to employees for services | (1,167,508) | - | (1,167,508) |
| Net cash provided by (used in) operating activities | 91,917 | (166,409) | (74,492) |
| Cash Flows From Non-Capital Financing Activities | | | |
| Transfers in | 63,061 | - | 63,061 |
| Transfers out | - | - | - |
| Net cash provided by non-capital financing activities | 63,061 | - | 63,061 |
| Cash Flows from Capital and Related Financing Activities | | | |
| Acquisition of capital assets | (555,268) | (367,184) | (922,452) |
| Proceeds from sale of capital assets | 26,894 | - | 26,894 |
| Capital contributions | 376,892 | - | 376,892 |
| Net cash (used in) capital and related financing activities | (151,482) | (367,184) | (518,666) |
| Cash Flows Provided by Investing Activities, | | | |
| Interest received | 4 | - | 4 |
| Increase (Decrease) in Cash and Cash Equivalents | 3,500 | (533,593) | (530,093) |
| Cash and Cash Equivalents, Beginning | 149,492 | 2,342,993 | 2,492,485 |
| Cash and Cash Equivalents, Ending | \$ 152,992 | \$ 1,809,400 | \$ 1,962,392 |
| Reconciliation of Operating (Loss) Income to Net Cash Provided by (used in) Operating Activities | | | |
| Operating (loss) income | \$ (290,873) | \$ (324,226) | \$ (615,099) |
| Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities: | | | |
| Depreciation and amortization | 438,548 | 180,932 | 619,480 |
| Changes in assets and liabilities: | | | |
| Decrease in accounts receivable | 2,472 | (22) | 2,450 |
| Decrease in due from other governments | (17,051) | - | (17,051) |
| Decrease (increase) in prepaid expenses | 2,312 | (79,966) | (77,654) |
| Increase (decrease) in accounts payable and accrued expenses | (33,840) | 56,873 | 23,033 |
| (Decrease) in unearned revenue | (9,247) | - | (9,247) |
| Increase in compensated absences | (404) | - | (404) |
| Total adjustments | 382,790 | 157,817 | 540,607 |
| Net Cash Provided by (Used in) Operating Activities | \$ 91,917 | \$ (166,409) | \$ (74,492) |

County of Centre, Pennsylvania

Description of Fiduciary Funds

Year Ended December 31, 2015

Fiduciary Funds are maintained to account for assets held by the County in a trustee capacity and as an agent for individuals, private organizations and/or other governments. Combining statements are provided herein for the following Fiduciary Fund-type:

Agency Funds: The agency funds are used to account for assets held by elected row officers (the Recorder of Deeds, Register of Wills, Children and Youth, Prothonotary, Treasurer, Sheriff, Clerk of Courts and the Tax Claims Office) that are subsequently disbursed to the other governments and other activities for whom it was collected. Additionally, the County maintains cash on behalf of prisoners and has a Domestic Relations Support Fund that collects support money on behalf of that human service agency's clients.

County of Centre, Pennsylvania

Combining Balance Sheet

Fiduciary Funds

December 31, 2015

| | Agency Funds | | | | | | | | | | |
|--------------------------|--------------|----------------------|----------------------|--------------------------------------|-----------------------------------|---------------------|-------------------------|---------------|----------------------------------|---------------------|--------------|
| | Prison | Recorder Of Deeds | Register Of Wills | Clerk of Courts & Prothonotary | Treasurer's License Account | Sheriff's Office | Court Administration | Tax Claims | Domestic Relations Support | Children & Youth | Total |
| Assets | | | | | | | | | | | |
| Cash | \$ 34,454 | \$ 724,354 | \$ 188,324 | \$ 1,860,515 | \$ 55,575 | \$ 151,693 | \$ 354,538 | \$ 264,559 | \$ 3,530 | \$ 11,384 | \$ 3,648,926 |
| Liabilities | | | | | | | | | | | |
| Due to other governments | \$ - | \$ 724,354 | \$ 171,483 | \$ 4,827 | \$ 2,369 | \$ 10,472 | \$ 169,129 | \$ 195,256 | \$ - | \$ - | \$ 1,277,890 |
| Funds held as fiduciary | 34,454 | - | 16,841 | 1,855,688 | 53,206 | 141,221 | 185,409 | 69,303 | 3,530 | 11,384 | 2,371,036 |
| Total liabilities | \$ 34,454 | \$ 724,354 | \$ 188,324 | \$ 1,860,515 | \$ 55,575 | \$ 151,693 | \$ 354,538 | \$ 264,559 | \$ 3,530 | \$ 11,384 | \$ 3,648,926 |

County of Centre, Pennsylvania

Combining Statement of Changes in Assets and Liabilities

All Agency Funds

Year Ended December 31, 2015

| | Balance January 1, 2015 | Additions | Deletions | Balance December 31, 2015 |
|--------------------------|----------------------------------------|----------------------|----------------------|------------------------------------------|
| Prison | | | | |
| Assets, | | | | |
| Cash | \$ 62,224 | \$ 644,131 | \$ 671,901 | \$ 34,454 |
| Total assets | <u>\$ 62,224</u> | <u>\$ 644,131</u> | <u>\$ 671,901</u> | <u>\$ 34,454</u> |
| Liabilities, | | | | |
| Funds held as fiduciary | \$ 62,224 | \$ 644,131 | \$ 671,901 | \$ 34,454 |
| Total liabilities | <u>\$ 62,224</u> | <u>\$ 644,131</u> | <u>\$ 671,901</u> | <u>\$ 34,454</u> |
| Recorder of Deeds | | | | |
| Assets, | | | | |
| Cash | \$ 873,586 | \$ 14,311,489 | \$ 14,460,721 | \$ 724,354 |
| Total assets | <u>\$ 873,586</u> | <u>\$ 14,311,489</u> | <u>\$ 14,460,721</u> | <u>\$ 724,354</u> |
| Liabilities, | | | | |
| Due to other governments | \$ 873,586 | \$ 14,311,489 | \$ 14,460,721 | \$ 724,354 |
| Total liabilities | <u>\$ 873,586</u> | <u>\$ 14,311,489</u> | <u>\$ 14,460,721</u> | <u>\$ 724,354</u> |
| Register of Wills | | | | |
| Assets, | | | | |
| Cash | \$ 157,175 | \$ 8,187,687 | \$ 8,156,538 | \$ 188,324 |
| Total assets | <u>\$ 157,175</u> | <u>\$ 8,187,687</u> | <u>\$ 8,156,538</u> | <u>\$ 188,324</u> |
| Liabilities: | | | | |
| Due to other governments | \$ 140,407 | \$ 7,455,498 | \$ 7,424,422 | \$ 171,483 |
| Funds held as fiduciary | <u>16,768</u> | <u>732,189</u> | <u>732,116</u> | <u>16,841</u> |
| Total liabilities | <u>\$ 157,175</u> | <u>\$ 8,187,687</u> | <u>\$ 8,156,538</u> | <u>\$ 188,324</u> |

(Continued)

County of Centre, Pennsylvania**Combining Statement of Changes in Assets and Liabilities**

All Agency Funds

Year Ended December 31, 2015

| | Balance January 1, 2015 | Additions | Deletions | Balance December 31, 2015 |
|-------------------------------------------|----------------------------------------|---------------------|---------------------|------------------------------------------|
| Prothonotary & Clerk of Courts | | | | |
| Assets, | | | | |
| Cash | <u>\$ 2,306,170</u> | <u>\$ 882,507</u> | <u>\$ 1,328,162</u> | <u>\$ 1,860,515</u> |
| Total assets | <u>\$ 2,306,170</u> | <u>\$ 882,507</u> | <u>\$ 1,328,162</u> | <u>\$ 1,860,515</u> |
| Liabilities: | | | | |
| Due to other governments | \$ 3,477 | \$ 2,290 | \$ 940 | \$ 4,827 |
| Funds held as fiduciary | <u>2,302,693</u> | <u>880,217</u> | <u>1,327,222</u> | <u>1,855,688</u> |
| Total liabilities | <u>\$ 2,306,170</u> | <u>\$ 882,507</u> | <u>\$ 1,328,162</u> | <u>\$ 1,860,515</u> |
| Treasurer's License Account | | | | |
| Assets, | | | | |
| Cash | <u>\$ 84,778</u> | <u>\$ 184,060</u> | <u>\$ 213,263</u> | <u>\$ 55,575</u> |
| Total assets | <u>\$ 84,778</u> | <u>\$ 184,060</u> | <u>\$ 213,263</u> | <u>\$ 55,575</u> |
| Liabilities: | | | | |
| Due to other governments | \$ 2,708 | \$ 7,846 | \$ 8,185 | \$ 2,369 |
| Funds held as fiduciary | <u>82,070</u> | <u>176,214</u> | <u>205,078</u> | <u>53,206</u> |
| Total liabilities | <u>\$ 84,778</u> | <u>\$ 184,060</u> | <u>\$ 213,263</u> | <u>\$ 55,575</u> |
| Sheriff's Office | | | | |
| Assets, | | | | |
| Cash | <u>\$ 217,693</u> | <u>\$ 1,239,686</u> | <u>\$ 1,305,686</u> | <u>\$ 151,693</u> |
| Total assets | <u>\$ 217,693</u> | <u>\$ 1,239,686</u> | <u>\$ 1,305,686</u> | <u>\$ 151,693</u> |
| Liabilities: | | | | |
| Due to other governments | \$ - | \$ 85,581 | \$ 75,109 | \$ 10,472 |
| Funds held as fiduciary | <u>217,693</u> | <u>1,154,105</u> | <u>1,230,577</u> | <u>141,221</u> |
| Total liabilities | <u>\$ 217,693</u> | <u>\$ 1,239,686</u> | <u>\$ 1,305,686</u> | <u>\$ 151,693</u> |

(Continued)

County of Centre, Pennsylvania**Combining Statement of Changes in Assets and Liabilities**

All Agency Funds

Year Ended December 31, 2015

| | Balance January 1, 2015 | Additions | Deletions | Balance December 31, 2015 |
|-----------------------------------|----------------------------------------|---------------------|---------------------|------------------------------------------|
| Court Administration | | | | |
| Assets, | | | | |
| Cash | \$ 400,544 | \$ 8,730,805 | \$ 8,776,811 | \$ 354,538 |
| Total assets | <u>\$ 400,544</u> | <u>\$ 8,730,805</u> | <u>\$ 8,776,811</u> | <u>\$ 354,538</u> |
| Liabilities: | | | | |
| Due to other governments | \$ 207,654 | \$ 4,164,948 | \$ 4,203,473 | \$ 169,129 |
| Funds held as fiduciary | <u>192,890</u> | <u>4,565,857</u> | <u>4,573,338</u> | <u>185,409</u> |
| Total liabilities | <u>\$ 400,544</u> | <u>\$ 8,730,805</u> | <u>\$ 8,776,811</u> | <u>\$ 354,538</u> |
| Tax Claims | | | | |
| Assets, | | | | |
| Cash | \$ 393,815 | \$ 4,915,207 | \$ 5,044,463 | \$ 264,559 |
| Total assets | <u>\$ 393,815</u> | <u>\$ 4,915,207</u> | <u>\$ 5,044,463</u> | <u>\$ 264,559</u> |
| Liabilities: | | | | |
| Due to other governments | \$ 170,725 | \$ 3,627,636 | \$ 3,603,105 | \$ 195,256 |
| Funds held as fiduciary | <u>223,090</u> | <u>1,287,571</u> | <u>1,441,358</u> | <u>69,303</u> |
| Total liabilities | <u>\$ 393,815</u> | <u>\$ 4,915,207</u> | <u>\$ 5,044,463</u> | <u>\$ 264,559</u> |
| Domestic Relations Support | | | | |
| Assets, | | | | |
| Cash | \$ 3,530 | \$ 419,295 | \$ 419,295 | \$ 3,530 |
| Total assets | <u>\$ 3,530</u> | <u>\$ 419,295</u> | <u>\$ 419,295</u> | <u>\$ 3,530</u> |
| Liabilities, | | | | |
| Funds held as fiduciary | \$ 3,530 | \$ 419,295 | \$ 419,295 | \$ 3,530 |
| Total liabilities | <u>\$ 3,530</u> | <u>\$ 419,295</u> | <u>\$ 419,295</u> | <u>\$ 3,530</u> |

(Continued)

County of Centre, Pennsylvania**Combining Statement of Changes in Assets and Liabilities**

All Agency Funds

Year Ended December 31, 2015

| | Balance January 1, 2015 | Additions | Deletions | Balance December 31, 2015 |
|--------------------------------|----------------------------------------|----------------------|----------------------|------------------------------------------|
| Children & Youth | | | | |
| Assets, | | | | |
| Cash | \$ 11,264 | \$ 13,870 | \$ 13,750 | \$ 11,384 |
| Total assets | <u>\$ 11,264</u> | <u>\$ 13,870</u> | <u>\$ 13,750</u> | <u>\$ 11,384</u> |
| Liabilities, | | | | |
| Funds held as fiduciary | \$ 11,264 | \$ 13,870 | \$ 13,750 | \$ 11,384 |
| Total liabilities | <u>\$ 11,264</u> | <u>\$ 13,870</u> | <u>\$ 13,750</u> | <u>\$ 11,384</u> |
| Total, All Agency Funds | | | | |
| Assets, | | | | |
| Cash | \$ 4,510,779 | \$ 39,528,737 | \$ 40,390,590 | \$ 3,648,926 |
| Total assets | <u>\$ 4,510,779</u> | <u>\$ 39,528,737</u> | <u>\$ 40,390,590</u> | <u>\$ 3,648,926</u> |
| Liabilities: | | | | |
| Due to other governments | \$ 1,398,557 | \$ 29,655,288 | \$ 29,775,955 | \$ 1,277,890 |
| Funds held as fiduciary | <u>3,112,222</u> | <u>9,873,449</u> | <u>10,614,635</u> | <u>2,371,036</u> |
| Total liabilities | <u>\$ 4,510,779</u> | <u>\$ 39,528,737</u> | <u>\$ 40,390,590</u> | <u>\$ 3,648,926</u> |

(Concluded)

County of Centre, Pennsylvania

Description of Component Units

Year Ended December 31, 2015

Centre County Conservation District: Responsible for managing the conservation of natural resources in the County.

Recycling Refuse Authority: Responsible for administering the programs that will cause implementation of the Recycling Refuse Management Plan of Centre County.

County of Centre, Pennsylvania

Statement of Net Position

Discretely Presented Component Units

December 31, 2015

| | Conservation District | Recycling Refuse Authority |
|---------------------------------------------|----------------------------------|-------------------------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 609,074 | \$ 3,593,277 |
| Accounts receivable | 137,727 | 723,073 |
| Grants receivable | - | 615,000 |
| Prepaid items and inventory | - | 74,837 |
| Total current assets | <u>746,801</u> | <u>5,006,187</u> |
| Noncurrent assets, | | |
| Capital assets, net | - | 11,457,592 |
| Total assets | <u>746,801</u> | <u>16,463,779</u> |
| Liabilities and Net Position | | |
| Current liabilities: | | |
| Current portion of long-term debt | - | 565,057 |
| Current portion of capital lease obligation | - | 65,213 |
| Accounts payable | 136,673 | 371,009 |
| Accrued expenses | - | 758,904 |
| Unearned revenue | - | 149,316 |
| Total current liabilities | <u>136,673</u> | <u>1,909,499</u> |
| Noncurrent liabilities: | | |
| Landfill post-closure liability | - | 29,145 |
| Long-term debt | - | 2,687,019 |
| Capital lease obligation | - | 285,890 |
| Total noncurrent liabilities | <u>-</u> | <u>3,002,054</u> |
| Total liabilities | <u>136,673</u> | <u>4,911,553</u> |
| Net Position | | |
| Net investment in capital assets | - | 7,854,413 |
| Restricted | 308,228 | - |
| Unrestricted | <u>301,900</u> | <u>3,697,813</u> |
| Total net position | <u>\$ 610,128</u> | <u>\$ 11,552,226</u> |

County of Centre, Pennsylvania

Statement of Revenues, Expenses, and
Changes in Net Position
Conservation District
Year Ended December 31, 2015**Revenues**

| | |
|---------------------|--------------|
| Grants | \$ 1,088,033 |
| Charges for service | 127,867 |
| Interest | <u>386</u> |
| Total revenues | 1,216,286 |

Expenses

| | |
|-----------------------|------------------|
| Conservation District | <u>1,054,550</u> |
|-----------------------|------------------|

| | |
|--------------------------------|---------|
| Changes in Net Position | 161,736 |
|--------------------------------|---------|

| | |
|----------------------------------------|----------------|
| Net Position, Beginning of Year | <u>448,392</u> |
|----------------------------------------|----------------|

| | |
|----------------------------------|--------------------------|
| Net Position, End of Year | <u><u>\$ 610,128</u></u> |
|----------------------------------|--------------------------|

County of Centre, Pennsylvania

Statement of Revenues, Expenses, and Changes in Net Position
Recycling Refuse Authority
Year Ended December 31, 2015**Operating Revenues**

| | |
|----------------|---------------|
| Tipping fees | \$ 6,585,688 |
| Recycling fees | 2,686,333 |
| Other | <u>32,363</u> |

| | |
|--------------------------|------------------|
| Total operating revenues | <u>9,304,384</u> |
|--------------------------|------------------|

Operating Expenses

| | |
|-----------------------|----------------|
| Salaries and benefits | 3,286,513 |
| Contracted services | 5,438,160 |
| Depreciation | 765,956 |
| Administration costs | <u>493,477</u> |

| | |
|--------------------------|------------------|
| Total operating expenses | <u>9,984,106</u> |
|--------------------------|------------------|

| | |
|------------------|------------------|
| Operating (loss) | <u>(679,722)</u> |
|------------------|------------------|

Nonoperating Revenues (Expenses)

| | |
|------------------|-----------------|
| Grants | 682,674 |
| Interest income | 7,626 |
| Other income | 6,787 |
| Interest expense | <u>(99,626)</u> |

| | |
|----------------------------|----------------|
| Total nonoperating revenue | <u>597,461</u> |
|----------------------------|----------------|

| | |
|-------------------------|----------|
| Changes in Net Position | (82,261) |
|-------------------------|----------|

| | |
|-------------------------|-------------------|
| Net Position, Beginning | <u>11,634,487</u> |
|-------------------------|-------------------|

| | |
|----------------------|-----------------------------|
| Net Position, Ending | <u><u>\$ 11,552,226</u></u> |
|----------------------|-----------------------------|

County of Centre, Pennsylvania**Statement of Cash Flows**

Recycling Refuse Authority

Year Ended December 31, 2015

Cash Flows from Operating Activities

| | |
|-----------------------------------------------------|--------------------|
| Cash received from customers | \$ 9,316,382 |
| Cash paid to vendors and employees | <u>(9,134,009)</u> |
| Net cash provided by (used in) operating activities | <u>182,373</u> |

Cash Flows Provided by Investing Activities

| | |
|-------------------|--------------|
| Interest received | <u>7,626</u> |
|-------------------|--------------|

Cash Flows from Noncapital Financing Activities

| | |
|------------------------------------------------------------------------|----------------|
| Grants received from government agencies | 644,939 |
| Cash received from customers - finance charges and bad debt recoveries | <u>6,787</u> |
| Net cash provided by (used in) noncapital financing activities | <u>651,726</u> |

Cash Flows from Capital and Related Financing Activities

| | |
|-------------------------------------------------------------------------|------------------|
| Purchases and construction of capital assets | (1,701,295) |
| Borrowings of long-term debt | 1,321,710 |
| Repayment of long-term debt | (425,242) |
| Payments on capital lease obligation | (38,851) |
| Interest paid | <u>(99,626)</u> |
| Net cash provided by (used in) capital and related financing activities | <u>(943,304)</u> |

Increase (Decrease) in Cash and Cash Equivalents (101,579)

Cash and Cash Equivalents, Beginning 3,694,856

Cash and Cash Equivalents, Ending \$ 3,593,277

Reconciliation of Operating Income (Loss) to Net**Cash Provided by (Used in) Operating Activities**

| | |
|---------------------------------------------------------|----------------|
| Operating income (loss) | \$ (679,722) |
| Adjustments to reconcile operating income (loss) | |
| to net cash provided by (used in) operating activities: | |
| Depreciation | 765,956 |
| Changes in assets and liabilities: | |
| Accounts receivable, trade | 11,998 |
| Prepaid expenses | (3,914) |
| Accounts payable | (30,906) |
| Unearned revenue | 45,543 |
| Accrued expenses | 79,118 |
| Landfill post-closure liability | <u>(5,700)</u> |

Net Cash Provided by (Used in) Operating Activities \$ 182,373

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County of Centre, PennsylvaniaSchedule of Changes in Capital Assets by Function and Activity
Year Ended December 31, 2015

| | <u>January 1, 2015</u> | <u>Additions</u> | <u>Disposals</u> | <u>December 31, 2015</u> |
|-------------------------------------|----------------------------|---------------------|-------------------|------------------------------|
| General Government - Administration | \$ 23,233,690 | \$ 389,949 | \$ 45,192 | \$ 23,578,447 |
| General Government - Judicial | 7,940,990 | 28,632 | 8,171 | 7,961,451 |
| Public Safety and Corrections | 48,259,976 | 740 | 1,620 | 48,259,096 |
| Human Services | 3,535,129 | 583,686 | 363,542 | 3,755,273 |
| Conservation and Development | 32,258 | 126 | - | 32,384 |
| Capital Projects | <u>1,483,779</u> | <u>6,755,676</u> | <u>-</u> | <u>8,239,455</u> |
| Total | \$ 84,485,822 | \$ 7,758,809 | \$ 418,525 | \$ 91,826,106 |

| Ending Balance is Composed of | | | |
|--------------------------------------|---------------------------------------|------------------------------------|----------------------|
| | <u>Buildings and Improvements</u> | <u>Furniture and Equipment</u> | <u>Total</u> |
| General Government - Administration | \$ 19,334,571 | \$ 4,243,876 | \$ 23,578,447 |
| General Government - Judicial | 6,850,843 | 1,110,608 | 7,961,451 |
| Public Safety and Corrections | 30,181,289 | 18,077,807 | 48,259,096 |
| Human Services | 128,080 | 3,627,193 | 3,755,273 |
| Conservation and Development | 17,979 | 14,405 | 32,384 |
| Capital Projects | <u>8,239,455</u> | <u>-</u> | <u>8,239,455</u> |
| Total | \$ 64,752,217 | \$ 27,073,889 | \$ 91,826,106 |



County of Centre, Pennsylvania

Statistical Section
December 31, 2015

The statistical section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information reflect about the County's overall financial health.

Contents

Financial Trends

The schedules on pages 105 through 109 contain trend information to help the reader understand how the County's financial performance and strength have changed over time.

Revenue Capacity

The schedules on pages 110 through 113 contain information to help the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity

The schedules on pages 114 through 116 presents information to help the reader assess the affordability of the County's current level of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information

The schedules on pages 117 and 118 offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information

The schedules 119 through 124 contain service data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

County of Centre, Pennsylvania

Schedule of Government-Wide Net Position By Component

(Unaudited)

Years Ended December 31

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 6,747,844 | \$ 9,171,735 | \$ 10,707,893 | \$ 11,241,777 | \$ 10,913,309 | \$ 11,998,076 | \$ 14,891,518 | \$ 9,605,069 | \$ 16,735,599 | \$ 22,494,757 |
| Restricted | 7,439,902 | 5,947,818 | 4,838,707 | 4,403,497 | 4,541,394 | 4,794,934 | 5,643,853 | 7,496,292 | 5,656,338 | 5,261,370 |
| Unrestricted | 11,015,731 | 11,278,203 | 7,919,649 | 6,644,607 | 11,399,726 | 13,079,780 | 13,277,683 | 15,219,566 | 15,801,616 | 10,014,145 |
| Total governmental activities net position | <u>\$ 25,203,477</u> | <u>\$ 26,397,756</u> | <u>\$ 23,466,249</u> | <u>\$ 22,289,881</u> | <u>\$ 26,854,429</u> | <u>\$ 29,872,790</u> | <u>\$ 33,813,054</u> | <u>\$ 32,320,927</u> | <u>\$ 38,193,553</u> | <u>\$ 37,770,272</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ (3,157,008) | \$ (3,413,059) | \$ (3,148,681) | \$ (2,761,914) | \$ (3,747,200) | \$ (1,686,203) | \$ (1,524,520) | \$ 1,211,194 | \$ 1,066,600 | \$ 962,967 |
| Unrestricted | 2,836,847 | 2,720,292 | 2,892,608 | 3,273,215 | 4,471,848 | 2,372,444 | 2,151,232 | 254,257 | 254,404 | 254,405 |
| Total business-type activities net position | <u>\$ (320,161)</u> | <u>\$ (692,767)</u> | <u>\$ (256,073)</u> | <u>\$ 511,301</u> | <u>\$ 724,648</u> | <u>\$ 686,241</u> | <u>\$ 626,712</u> | <u>\$ 1,465,451</u> | <u>\$ 1,321,004</u> | <u>\$ 1,217,372</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 3,590,836 | \$ 5,758,676 | \$ 7,559,212 | \$ 8,479,863 | \$ 7,166,109 | \$ 10,311,873 | \$ 13,366,998 | \$ 10,816,263 | \$ 17,802,199 | \$ 23,457,724 |
| Restricted | 7,439,902 | 5,947,818 | 4,838,707 | 4,403,497 | 4,541,394 | 4,794,934 | 5,643,853 | 7,496,292 | 5,656,338 | 5,261,370 |
| Unrestricted | 13,852,578 | 13,998,495 | 10,812,257 | 9,917,822 | 15,871,574 | 15,452,224 | 15,428,915 | 15,473,823 | 16,056,020 | 10,268,550 |
| Total primary government net position | <u>\$ 24,883,316</u> | <u>\$ 25,704,989</u> | <u>\$ 23,210,176</u> | <u>\$ 22,801,182</u> | <u>\$ 27,579,077</u> | <u>\$ 30,559,031</u> | <u>\$ 34,439,766</u> | <u>\$ 33,786,378</u> | <u>\$ 39,514,557</u> | <u>\$ 38,987,644</u> |

County of Centre, Pennsylvania
Schedule of Government-Wide Changes in Net Position

(Unaudited)

Years Ended December 31

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|-----------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Expenses: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | | | | | | | | | | |
| Administrative | \$ 9,646,043 | \$ 10,342,196 | \$ 11,595,611 | \$ 11,099,235 | \$ 11,404,111 | \$ 10,316,148 | \$ 11,685,010 | \$ 8,397,680 | \$ 11,098,929 | \$ 12,807,501 |
| Judicial | 7,615,488 | 7,459,489 | 7,824,063 | 8,032,048 | 8,231,197 | 8,533,386 | 8,580,813 | 8,408,855 | 8,407,491 | 8,923,125 |
| Public safety | 9,984,803 | 10,264,555 | 10,768,771 | 11,485,711 | 11,548,524 | 11,648,315 | 13,936,814 | 14,593,757 | 12,819,426 | 13,077,015 |
| Public works | 276,860 | 159,729 | 369,947 | 274,369 | 583,409 | 299,113 | 299,827 | 373,960 | 215,359 | 302,748 |
| Human services | 31,978,456 | 33,161,084 | 33,341,181 | 27,313,343 | 22,541,995 | 24,003,631 | 24,341,263 | 22,294,816 | 23,818,784 | 23,771,744 |
| Culture and recreation | 619,680 | 527,438 | 735,768 | 691,409 | 541,184 | 645,259 | 545,460 | 745,731 | 545,536 | 546,188 |
| Conservation and development | 1,564,072 | 1,537,222 | 2,143,173 | 1,355,981 | 1,620,878 | 1,521,948 | 1,417,968 | 1,810,426 | 1,584,735 | 1,830,417 |
| Interest on long-term debt | 934,512 | 1,063,754 | 1,134,340 | 986,790 | 893,301 | 766,775 | 909,411 | 1,206,402 | 1,145,020 | 1,082,142 |
| Other cost | - | - | - | - | - | - | - | - | - | - |
| Total governmental activities expenses | 62,619,914 | 64,515,467 | 67,912,854 | 61,238,886 | 57,364,599 | 57,734,575 | 61,716,566 | 57,831,628 | 59,635,280 | 62,340,880 |
| Business-type activities: | | | | | | | | | | |
| Nursing home | 17,203,212 | 17,248,623 | 18,682,726 | 18,555,672 | 19,052,780 | 18,601,450 | 18,913,839 | 15,139,181 | - | - |
| 911 emergency response | 2,658,699 | 3,101,168 | 2,279,746 | 2,286,743 | 2,443,286 | 2,418,640 | 2,302,393 | 2,169,365 | 2,364,839 | 2,673,546 |
| Total business-type activities expenses | 19,861,911 | 20,349,791 | 20,962,472 | 20,842,415 | 21,496,066 | 21,020,090 | 21,216,232 | 17,308,546 | 2,364,839 | 2,673,546 |
| Total primary government expenses | \$ 82,481,825 | \$ 84,865,258 | \$ 88,875,326 | \$ 82,081,301 | \$ 78,860,664 | \$ 78,754,665 | \$ 82,932,798 | \$ 75,140,174 | \$ 62,000,119 | \$ 65,014,426 |
| Revenues: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | | | | | | | | | | |
| Administrative | \$ 6,635,156 | \$ 4,030,541 | \$ 3,925,548 | \$ 4,069,065 | \$ 5,497,805 | \$ 5,620,542 | \$ 6,654,893 | \$ 5,393,791 | \$ 5,607,979 | \$ 5,795,344 |
| Judicial | 2,346,256 | 2,632,743 | 2,717,170 | 3,013,635 | 3,191,309 | 2,931,946 | 2,832,072 | 2,628,444 | 1,869,487 | 2,147,784 |
| Public safety | 1,773,346 | 1,844,047 | 1,853,122 | 2,240,068 | 2,686,028 | 3,195,771 | 3,294,665 | 2,910,022 | 3,932,343 | 3,581,509 |
| Public works | - | - | 28,774 | - | - | - | - | - | - | - |
| Human services | 1,139,759 | 556,041 | 576,358 | 525,302 | 368,900 | 365,762 | 363,760 | 423,771 | 1,347,353 | 403,761 |
| Conservation and development | 361,277 | 310,818 | 379,760 | 292,230 | 254,473 | 249,649 | 245,937 | 238,961 | 246,321 | 278,152 |
| Operating grants and contributions | 36,037,801 | 37,586,040 | 36,294,497 | 29,920,529 | 25,381,677 | 24,617,321 | 24,609,289 | 24,851,712 | 26,609,388 | 25,532,797 |
| Capital grants and contributions | - | - | 195,697 | 431,375 | 215,573 | 208,975 | 4,429,702 | 516,090 | 151,115 | 376,892 |
| Total governmental activities revenues | 48,293,595 | 46,960,230 | 45,970,926 | 40,492,204 | 37,595,764 | 37,189,966 | 42,430,318 | 36,962,791 | 39,763,986 | 38,116,239 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Nursing home | 15,338,693 | 15,960,511 | 17,268,944 | 18,089,819 | 18,323,337 | 17,137,487 | 16,908,014 | 13,347,679 | - | - |
| 911 emergency response | 1,539,055 | 1,501,508 | 2,043,140 | 1,958,253 | 1,746,380 | 1,884,750 | 1,707,096 | 1,500,126 | 1,623,564 | 2,504,933 |
| Total business activities revenues | 16,877,748 | 17,462,019 | 19,312,084 | 20,048,072 | 20,069,717 | 19,022,237 | 18,615,110 | 14,847,805 | 1,623,564 | 2,504,933 |
| Total primary government revenues | 65,171,343 | 64,422,249 | 65,283,010 | 60,540,276 | 57,665,481 | 56,212,203 | 61,045,428 | 51,810,596 | 41,387,550 | 40,621,172 |
| Net Expenses | | | | | | | | | | |
| Governmental activities | (14,326,319) | (17,555,237) | (21,941,928) | (20,746,682) | (19,768,835) | (20,544,609) | (19,286,248) | (20,868,837) | (19,871,294) | (24,224,641) |
| Business-type activities | (2,984,163) | (2,887,772) | (1,650,388) | (794,343) | (1,426,349) | (1,997,853) | (2,601,122) | (2,460,741) | (741,275) | (168,613) |
| Total net revenues (expenses) | \$ (17,310,482) | \$ (20,443,009) | \$ (23,592,316) | \$ (21,541,025) | \$ (21,195,184) | \$ (22,542,462) | \$ (21,887,370) | \$ (23,329,578) | \$ (20,612,569) | \$ (24,393,254) |

(Continued)

County of Centre, Pennsylvania

Schedule of Government-Wide Changes in Net Position
(Unaudited)
Years Ended December 31

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|----------------------------------------------------------|---------------|---------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General revenues and other changes in net assets: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes levied for general purposes | \$ 15,776,810 | \$ 16,361,974 | \$ 16,677,807 | \$ 16,973,039 | \$ 21,776,331 | \$ 21,373,102 | \$ 21,602,379 | \$ 21,797,500 | \$ 22,194,811 | \$ 22,368,203 |
| Property taxes levied for debt services | 3,962,881 | 3,629,335 | 3,707,510 | 3,787,352 | 3,843,214 | 3,815,007 | 3,845,960 | 3,865,758 | 3,883,980 | 4,021,020 |
| Investment income | 1,312,618 | 1,236,296 | 698,875 | 367,658 | 315,075 | 297,465 | 289,105 | 263,992 | 261,313 | 222,616 |
| Proceeds from sale of capital assets | - | - | - | - | 14,637 | - | - | - | - | - |
| Amortization of bond premium | - | - | - | - | - | - | - | - | - | - |
| Amortization of bond discount | - | - | - | - | - | - | - | - | - | - |
| Unusual item | - | - | - | - | - | - | - | - | - | - |
| Transfers | (2,969,963) | (2,478,089) | (2,073,771) | (1,557,735) | (1,615,873) | (1,922,604) | (2,510,932) | (5,897,730) | (596,184) | (64,648) |
| Total governmental activities expenses | 18,082,346 | 18,749,516 | 19,010,421 | 19,570,314 | 24,333,383 | 23,562,970 | 23,226,512 | 20,029,520 | 25,743,920 | 26,547,191 |
| Business-type activities: | | | | | | | | | | |
| Investment income | 28,547 | 37,077 | 13,311 | 3,984 | 23,823 | 36,842 | 30,661 | 30,428 | 644 | 333 |
| Transfers | 2,969,963 | 2,478,089 | 2,073,771 | 1,557,733 | 1,615,873 | 1,922,604 | 2,510,932 | 5,897,730 | 596,184 | 64,648 |
| Total business-type activities expenses | 2,998,510 | 2,515,166 | 2,087,082 | 1,561,717 | 1,639,696 | 1,959,446 | 2,541,593 | 5,928,158 | 596,828 | 64,981 |
| Total primary government expenses | \$ 21,080,856 | \$ 21,264,682 | \$ 21,097,503 | \$ 21,132,031 | \$ 25,973,079 | \$ 25,522,416 | \$ 25,768,105 | \$ 25,957,678 | \$ 26,340,748 | \$ 26,612,172 |
| Changes in net assets | | | | | | | | | | |
| Governmental activities | \$ 3,756,027 | \$ 1,194,279 | \$ (2,931,507) | \$ (1,176,368) | \$ 4,564,548 | \$ 3,018,361 | \$ 3,940,264 | \$ (839,317) | \$ 5,872,626 | \$ 2,322,550 |
| Business-type activities | 14,347 | (372,606) | 436,694 | 767,374 | 213,347 | (38,407) | (59,529) | 838,739 | (144,447) | (103,632) |
| Total primary government | \$ 3,770,374 | \$ 821,673 | \$ (2,494,813) | \$ (408,994) | \$ 4,777,895 | \$ 2,979,954 | \$ 3,880,735 | \$ (578) | \$ 5,728,179 | \$ 2,218,918 |

(Concluded)

County of Centre, Pennsylvania

Schedule of Governmental Fund Balances
(Unaudited)
Years Ended December 31

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|----------------------------------------------------|----------------------|----------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General fund: | | | | | | | | | | |
| Nonspendable | \$ 553,972 | \$ 504,046 | \$ 50,069 | \$ 747,461 | \$ 152,274 | \$ 776,471 | \$ 106,788 | \$ 45,854 | \$ 110,711 | \$ 502,024 |
| Restricted | 1,975,737 | 2,134,889 | 2,148,608 | 2,168,697 | 2,154,505 | 2,149,903 | 2,302,382 | 2,811,885 | 3,109,529 | 3,285,163 |
| Committed | - | - | - | - | - | - | - | - | - | - |
| Assigned | 1,127,521 | 1,108,012 | 1,150,465 | 221,452 | 311,679 | 382,456 | 452,885 | 439,987 | 429,555 | 429,498 |
| Unassigned | 8,369,550 | 8,021,306 | 5,885,236 | 4,383,970 | 8,339,426 | 7,501,250 | 6,597,717 | 7,227,924 | 6,897,836 | 8,979,356 |
| Total general fund | <u>\$ 12,026,780</u> | <u>\$ 11,768,253</u> | <u>\$ 9,234,378</u> | <u>\$ 7,521,580</u> | <u>\$ 10,957,884</u> | <u>\$ 10,810,080</u> | <u>\$ 9,459,772</u> | <u>\$ 10,525,650</u> | <u>\$ 10,547,631</u> | <u>\$ 13,196,041</u> |
| All other governmental funds: | | | | | | | | | | |
| Nonspendable, reported in special revenue funds | \$ - | \$ 2,272 | \$ 3,003 | \$ 1,958 | \$ 2,918 | \$ 3,000 | \$ 3,037 | \$ 3,171 | \$ 3,214 | \$ 16,039 |
| Restricted reported in special revenue funds | 885,482 | 1,078,522 | 888,852 | 810,453 | 931,545 | 855,364 | 946,840 | 793,021 | 892,196 | 970,153 |
| capital project funds | - | - | - | - | - | - | 14,508,064 | 1,817,776 | - | - |
| debt service fund | 4,853,821 | 3,124,209 | 2,275,488 | 1,933,492 | 1,954,500 | 1,789,667 | 2,394,631 | 2,073,611 | 1,654,613 | 1,006,054 |
| Assigned, reported in capital project funds | 1,920,119 | 2,387,156 | 983,281 | 776,636 | 776,161 | 3,106,753 | 5,523,983 | 7,862,626 | 8,664,702 | 4,568,025 |
| Unassigned, reported in special revenue funds | - | - | - | - | - | - | (443,863) | (443,452) | - | (13,615) |
| Total all other governmental funds | <u>\$ 7,659,422</u> | <u>\$ 6,592,159</u> | <u>\$ 4,150,624</u> | <u>\$ 3,522,539</u> | <u>\$ 3,665,124</u> | <u>\$ 5,754,784</u> | <u>\$ 22,932,692</u> | <u>\$ 12,106,753</u> | <u>\$ 11,214,725</u> | <u>\$ 6,546,656</u> |

County of Centre, Pennsylvania

Schedule of Changes in Governmental Fund Balances
(Unaudited)

Years Ended December 31

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|-----------------------------------------------------------|---------------------|-----------------------|-----------------------|-----------------------|---------------------|---------------------|----------------------|-----------------------|---------------------|-----------------------|
| Revenues: | | | | | | | | | | |
| Taxes | \$ 19,591,338 | \$ 20,060,474 | \$ 20,348,222 | \$ 20,700,468 | \$ 25,543,009 | \$ 25,202,568 | \$ 25,465,463 | \$ 25,693,228 | \$ 26,164,159 | \$ 26,369,610 |
| Grants, gifts and payment in lieu of taxes | 35,243,512 | 34,445,884 | 33,702,117 | 27,353,535 | 23,921,686 | 23,278,370 | 25,737,647 | 23,230,376 | 24,315,345 | 24,138,730 |
| Court costs | 844,591 | 927,651 | 1,246,217 | 1,373,556 | 1,584,625 | 1,438,783 | 1,499,903 | 1,307,828 | 1,125,318 | 1,209,097 |
| Fines and forfeits | 221,260 | 258,014 | 241,764 | 199,253 | 198,060 | 198,643 | 209,062 | 191,947 | 189,625 | 226,795 |
| Interest and rents | 1,312,598 | 1,236,010 | 698,415 | 367,632 | 315,058 | 297,463 | 289,100 | 263,987 | 261,304 | 222,612 |
| Charges for services | 8,791,992 | 9,058,905 | 8,873,184 | 9,261,006 | 9,776,854 | 10,360,358 | 10,301,278 | 9,635,859 | 10,433,921 | 10,507,334 |
| Contributions and other revenues | 372,153 | 969,183 | 325,473 | 375,541 | 264,614 | 196,955 | 3,225,997 | 664,812 | 2,294,043 | 249,662 |
| Total revenues | 66,377,444 | 66,956,121 | 65,435,392 | 59,630,991 | 61,603,905 | 60,973,140 | 66,728,450 | 60,988,037 | 64,783,715 | 62,923,840 |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government: | | | | | | | | | | |
| Administrative | 7,982,370 | 9,259,260 | 9,902,426 | 9,492,939 | 10,249,727 | 9,111,188 | 10,381,715 | 14,809,281 | 9,047,635 | 9,441,425 |
| Judicial | 7,188,505 | 7,801,121 | 8,142,123 | 8,400,850 | 8,573,169 | 8,935,360 | 8,869,677 | 8,712,129 | 8,772,179 | 8,627,525 |
| Public safety | 9,989,726 | 9,516,923 | 10,151,354 | 10,836,266 | 10,996,138 | 11,135,300 | 11,691,609 | 11,940,856 | 12,081,037 | 12,062,903 |
| Public works | 276,860 | 159,729 | 369,947 | 274,369 | 583,409 | 299,113 | 299,826 | 373,960 | 215,359 | 302,748 |
| Human services | 30,119,874 | 31,933,984 | 32,132,052 | 26,272,324 | 21,223,276 | 22,399,377 | 22,407,299 | 20,462,829 | 22,555,948 | 22,212,541 |
| Culture and recreation | 619,680 | 527,438 | 735,768 | 691,409 | 541,184 | 545,259 | 545,460 | 745,731 | 545,536 | 546,188 |
| Conservation and development | 1,563,128 | 1,602,174 | 2,174,802 | 1,387,630 | 1,651,835 | 1,644,508 | 1,439,519 | 1,881,550 | 1,607,957 | 1,843,815 |
| Debt service: | | | | | | | | | | |
| Principal | 1,297,221 | 1,364,039 | 1,490,574 | 1,544,153 | 1,596,251 | 1,835,022 | 1,352,493 | 2,892,687 | 3,098,741 | 3,412,606 |
| Interest | 1,239,182 | 978,700 | 1,043,872 | 991,722 | 815,242 | 917,110 | 850,286 | 1,288,110 | 1,321,550 | 1,260,388 |
| Other cost | 56,918 | 1,064 | 2,500 | 2,500 | 44,669 | 375,007 | 285,105 | 2,655 | 2,700 | 2,700 |
| Capital outlay | 3,514,681 | 2,650,798 | 2,143,889 | 472,767 | 134,965 | 205,143 | 7,484,215 | 10,243,734 | 5,682,074 | 5,102,951 |
| Total expenditures | 63,848,145 | 65,795,230 | 68,289,307 | 60,366,929 | 56,409,866 | 57,402,387 | 65,607,204 | 73,353,522 | 64,930,716 | 64,815,790 |
| Excess (deficiency) of revenues over (under) expenditures | 2,529,299 | 1,160,891 | (2,853,915) | (735,938) | 5,194,039 | 3,570,753 | 1,121,246 | (12,365,485) | (147,001) | (1,891,950) |
| Other financing sources (uses): | | | | | | | | | | |
| Transfers in | 4,401,273 | 5,252,973 | 4,686,429 | 3,834,673 | 3,375,579 | 6,415,637 | 6,442,236 | 9,180,298 | 6,258,437 | 4,035,828 |
| Transfers out | (7,420,538) | (7,739,654) | (6,807,924) | (5,439,618) | (5,039,252) | (8,421,605) | (9,035,645) | (15,088,708) | (6,981,483) | (4,163,537) |
| Proceeds from sale of capital assets | - | - | - | - | 361 | - | - | - | - | - |
| Proceeds from bonds | - | - | - | - | 5,515,000 | 9,175,000 | 13,590,000 | - | - | - |
| Issuance of debt | 10,000,000 | - | - | - | - | - | 15,315,000 | - | - | - |
| Payments to refund bonds payable | (9,040,000) | - | - | - | (5,458,865) | - | - | - | - | - |
| Payments to refund bond escrow agent | (775,744) | - | - | - | (8,066) | (9,550,000) | (13,879,066) | - | - | - |
| Reclass bonds to debt service | - | - | - | - | - | - | - | 8,513,834 | - | - |
| Bond premium | - | - | - | - | - | 752,163 | 2,273,829 | - | - | - |
| Bond discount | (127,605) | - | - | - | - | - | - | - | - | - |
| Unusual item | - | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | (2,962,614) | (2,486,681) | (2,121,495) | (1,604,945) | (1,615,242) | (1,628,805) | 14,706,354 | 2,605,424 | (723,046) | (127,709) |
| Net change in fund balances | \$ (433,315) | \$ (1,325,790) | \$ (4,975,410) | \$ (2,340,883) | \$ 3,578,797 | \$ 1,941,948 | \$ 15,827,600 | \$ (9,760,061) | \$ (870,047) | \$ (2,019,659) |
| Debt service as a percentage of noncapital expenditures | 4.16% | 3.72% | 3.88% | 4.25% | 4.34% | 4.84% | 3.68% | 6.92% | 7.56% | 7.87% |

County of Centre, Pennsylvania

Schedule of Assessed Value and Actual Value of Taxable Real Estate

(Unaudited)

Years Ended December 31,

| Year | Real Property | | | | | | Total Taxable Assessed Value | Total Direct Tax Rate | Actual Taxable Value | Taxable Assessed Value as a % of Actual Taxable Value |
|------|-------------------------|------------------------|------------------------|---------------|--------------|--------------------------|---------------------------------------|-----------------------------|----------------------------|-------------------------------------------------------------------|
| | Residential Property | Commercial Property | Industrial Property | Land | Minerals | Agricultural Property | | | | |
| 2006 | \$ 1,862,245,795 | \$ 790,470,015 | \$ 52,647,845 | \$ 63,991,510 | \$ 4,292,300 | \$ 194,556,970 | \$ 2,968,204,435 | 6.59 | \$ 5,936,408,870 | 50.00% |
| 2007 | 1,922,399,500 | 810,652,163 | 51,306,610 | 65,550,520 | 4,242,500 | 199,932,845 | 3,054,084,138 | 6.59 | 6,108,168,276 | 50.00% |
| 2008 | 1,971,540,915 | 822,816,853 | 49,025,810 | 66,205,155 | 4,277,850 | 206,951,940 | 3,120,818,523 | 6.59 | 6,241,637,046 | 50.00% |
| 2009 | 2,014,959,570 | 731,206,260 | 50,173,795 | 66,964,205 | 7,153,000 | 211,420,100 | 3,081,876,930 | 6.59 | 6,163,753,860 | 50.00% |
| 2010 | 2,046,183,210 | 826,001,610 | 49,306,190 | 64,858,475 | 6,674,600 | 215,187,745 | 3,208,211,830 | 8.09 | 6,416,423,660 | 50.00% |
| 2011 | 2,099,621,390 | 850,498,509 | 49,081,570 | 60,853,615 | 7,003,900 | 218,885,150 | 3,285,944,134 | 7.84 | 6,571,888,268 | 50.00% |
| 2012 | 2,122,455,710 | 847,257,884 | 50,966,820 | 60,550,500 | 6,674,760 | 220,984,795 | 3,308,890,469 | 7.84 | 6,617,780,938 | 50.00% |
| 2013 | 2,143,030,395 | 877,108,579 | 46,072,565 | 58,539,850 | 6,679,960 | 223,470,685 | 3,354,902,034 | 7.84 | 6,709,804,068 | 50.00% |
| 2014 | 2,170,035,710 | 890,843,489 | 43,219,355 | 57,542,060 | 6,164,560 | 225,797,600 | 3,393,602,774 | 7.84 | 6,787,205,548 | 50.00% |
| 2015 | 2,194,928,860 | 900,814,415 | 41,463,000 | 56,208,170 | 5,359,540 | 228,216,610 | 3,426,990,595 | 7.84 | 6,853,981,190 | 50.00% |

Source : Centre County Tax Assessment Office

Note : Centre County's last reassessment became effective January 1, 1995. Assessed values are based on property market values as of 1994. The predetermined ratio is 50%.

County of Centre, Pennsylvania

Schedule of Direct and Overlapping Real Estate Taxes

(Unaudited)

Years Ended December 31

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| County Direct Rates: | | | | | | | | | | |
| General | \$ 5.30 | \$ 5.40 | \$ 5.40 | \$ 5.40 | \$ 6.90 | \$ 6.65 | \$ 6.65 | \$ 6.65 | \$ 6.65 | \$ 6.65 |
| Debt | 1.29 | 1.19 | 1.19 | 1.19 | 1.19 | 1.19 | 1.19 | 1.19 | 1.19 | 1.19 |
| Total direct rate | 6.59 | 6.59 | 6.59 | 6.59 | 8.09 | 7.84 | 7.84 | 7.84 | 7.84 | 7.84 |
| Borough & Township Rates: | | | | | | | | | | |
| Bellefonte Borough | 7.98 | 7.98 | 8.56 | 8.81 | 9.29 | 9.79 | 12.82 | 13.52 | 14.27 | 14.27 |
| Centre Hall Borough | 1.23 | 1.23 | 1.23 | 1.23 | 1.23 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 |
| Howard Borough | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 |
| Milesburg Borough | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 |
| Millhiem Borough | 3.00 | 3.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| Philipsburg Borough | 10.33 | 10.33 | 10.33 | 15.33 | 15.33 | 15.33 | 15.33 | 15.33 | 15.33 | 15.33 |
| Port Matilda Borough | 6.40 | 6.40 | 6.40 | 6.40 | 6.40 | 6.40 | 6.40 | 6.40 | 6.40 | 6.40 |
| Snow Shoe Borough | 4.36 | 4.36 | 4.36 | 5.36 | 5.36 | 5.36 | 5.39 | 5.39 | 5.39 | 5.39 |
| State College Borough | 10.04 | 10.04 | 10.54 | 11.04 | 11.04 | 11.04 | 11.04 | 11.04 | 14.40 | 16.40 |
| Unionville Borough | 3.27 | 3.27 | 3.27 | 3.27 | 3.27 | 3.27 | 3.27 | 3.27 | 3.27 | 3.27 |
| Benner Independent | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 |
| Benner Township | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 |
| Boggs Township | 3.84 | 3.84 | 3.84 | 4.17 | 4.17 | 4.17 | 4.50 | 4.50 | 4.50 | 4.50 |
| Burnside Township | 4.69 | 4.69 | 4.69 | 4.69 | 4.69 | 4.69 | 4.69 | 4.69 | - | - |
| College Township | 3.70 | 3.70 | 3.90 | 3.90 | 4.40 | 4.40 | 4.90 | 4.90 | 4.90 | 5.40 |
| Curtin Township | 0.97 | 0.97 | 0.97 | 0.97 | 0.97 | 0.97 | 0.97 | 0.97 | 0.97 | 0.97 |
| Ferguson Township | 1.56 | 1.56 | 2.42 | 2.42 | 2.42 | 2.42 | 2.42 | 2.42 | 2.42 | 2.42 |
| Gregg Township | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 |
| Haines Township | 4.00 | 4.00 | 5.00 | 5.00 | 5.00 | 5.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| Halfmoon Township | 4.02 | 4.02 | 4.02 | 4.02 | 4.02 | 4.02 | 4.98 | 4.98 | 4.98 | 4.98 |
| Harris Township | 4.70 | 4.70 | 4.70 | 4.60 | 4.60 | 4.80 | 4.80 | 4.80 | 5.30 | 5.30 |
| Howard Township | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Huston Township | 1.13 | 1.13 | 1.13 | 1.13 | 1.13 | 1.13 | 1.13 | 1.13 | 1.13 | 1.13 |
| Liberty Township | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 | 4.00 | 4.00 | 4.00 |
| Marion Township | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Miles Township | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 3.10 | 3.20 |
| Patton Township | 7.50 | 7.20 | 7.20 | 7.60 | 8.40 | 8.70 | 8.90 | 8.90 | 8.90 | 9.50 |
| Penn Township | 3.00 | 3.00 | 3.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.25 |
| Potter Township | 1.58 | 1.58 | 1.58 | 1.58 | 1.58 | 1.58 | 1.58 | 1.58 | 1.58 | 1.58 |
| Rush Township | | | | | | | | - | - | - |
| Snow Shoe Township | 1.29 | 1.29 | 1.29 | 1.29 | 1.29 | 1.29 | 1.29 | 1.29 | 1.29 | 1.29 |
| Spring Township | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 |
| Taylor Township | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Union Township | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 5.00 | 5.00 | 7.00 |
| Walker Township | 1.34 | 1.34 | 1.34 | 1.34 | 1.34 | 1.34 | 1.34 | 1.34 | 1.34 | 1.34 |
| Worth Township | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| School District Rates: | | | | | | | | | | |
| Bald Eagle | 36.26 | 37.76 | 39.76 | 41.96 | 43.68 | 46.55 | 48.55 | 50.55 | 51.55 | 52.89 |
| Bellefonte | 37.98 | 39.69 | 41.08 | 42.98 | 44.61 | 45.41 | 46.40 | 47.41 | 47.41 | 48.01 |
| Keystone Central | 34.38 | 34.33 | 36.12 | 37.37 | 40.24 | 42.55 | 43.62 | 43.59 | 44.47 | 44.22 |
| Penns Valley | 37.87 | 37.87 | 37.87 | 38.33 | 40.46 | 41.71 | 43.23 | 43.23 | 45.02 | 46.70 |
| Philipsburg Osceola | 39.30 | 46.97 | 49.04 | 50.90 | 52.97 | 51.61 | 51.56 | 51.59 | 52.09 | 51.49 |
| State College | 32.57 | 32.51 | 33.72 | 34.85 | 35.90 | 36.85 | 37.73 | 38.75 | 39.51 | 41.67 |
| Tyrone | 18.88 | 20.22 | 21.06 | 22.06 | 22.98 | 20.61 | 22.57 | 22.31 | 22.64 | 24.48 |

Source : Centre County Tax Assessment Office

County of Centre, Pennsylvania

Schedule of Principal Real Estate Tax Payers

(Unaudited)

Years Ended December 31

| Taxpayer: | 2015 | | | 2006 | | |
|----------------------------------|-----------------------|------|--------------------------------------------|----------------------|------|--------------------------------------------|
| | Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Geisinger Clinic | \$ 13,635,950 | 1 | 0.41% | | | |
| * PSU (Taxable) | 13,589,625 | 2 | 0.41% | \$ 14,630,250 | 2 | 0.49% |
| Nittany Centre Realty LLC | 12,785,500 | 3 | 0.39% | 16,442,035 | 1 | 0.55% |
| Foxdale Village Corporation | 10,855,460 | 4 | 0.33% | 5,917,160 | 6 | 0.20% |
| Circleville Road Partners LP | 9,320,605 | 5 | 0.28% | | | |
| Jefferson at State College | 8,334,970 | 6 | 0.25% | 8,334,970 | 5 | 0.28% |
| Minitab, Inc | 7,723,525 | 7 | 0.24% | | | |
| CPP Grove II LLC | 7,254,420 | 8 | 0.22% | | | |
| Wal-Mart Stores Inc | 6,733,465 | 9 | 0.20% | 8,649,200 | 4 | 0.29% |
| The Village at Penn State | 6,285,790 | 10 | 0.19% | 12,471,545 | 3 | |
| Retreat at State College LLC | 6,135,540 | | 0.19% | | | |
| W9/JP-M Real Estate | 5,613,800 | | 0.17% | 5,613,800 | 7 | 0.19% |
| College Avenue Properties | 5,515,835 | | 0.17% | 5,515,835 | 9 | 0.19% |
| PSU In-Lieu Pay Co. Munc. School | - | | - | 5,440,770 | 10 | 0.18% |
| Nittany Garden Apartments | - | | - | 5,558,915 | 8 | 0.19% |
| Total | \$ 113,784,485 | | 3.46% | \$ 88,574,480 | | 2.56% |
| Total Taxable Assessed Value | \$ 3,285,944,134 | | 100% | \$ 2,968,204,435 | | 100% |

* PSU (Taxable) includes only the medical science building and the Penn Stater Conference Center.

Source : Centre County Tax Assessment Office

County of Centre, Pennsylvania**Schedule of Real Estate Tax Levies and Collections**

(Unaudited)

Years Ended December 31

| Year | Taxes Levied for the Year | Collected within the year of the Levy | | Collections in Subsequent Years | Total Collected to Date | |
|------|------------------------------|------------------------------------------|--------------------|---------------------------------------|-------------------------|--------------------|
| | | Amount | Percent of Levy | | Amount | Percent of Levy |
| 2006 | \$ 19,576,647 | \$ 19,081,381 | 97.47% | \$ 494,306 | \$ 19,575,687 | 100.00% |
| 2007 | 20,057,503 | 19,553,148 | 97.49% | 503,274 | 20,056,422 | 99.99% |
| 2008 | 20,412,851 | 19,910,312 | 97.54% | 501,145 | 20,411,457 | 99.99% |
| 2009 | 20,786,531 | 20,189,802 | 97.13% | 594,744 | 20,784,546 | 99.99% |
| 2010 | 25,673,802 | 25,047,325 | 97.56% | 622,343 | 25,669,668 | 99.98% |
| 2011 | 25,202,931 | 24,621,260 | 97.69% | 576,434 | 25,197,694 | 99.98% |
| 2012 | 25,454,926 | 24,871,821 | 97.71% | 573,477 | 25,445,298 | 99.96% |
| 2013 | 25,647,232 | 25,123,930 | 97.96% | 497,243 | 25,621,173 | 99.90% |
| 2014 | 26,138,462 | 25,631,381 | 98.06% | 252,424 | 25,883,805 | 99.03% |
| 2015 | 26,351,916 | 25,884,621 | 98.23% | - | 25,884,621 | 98.23% |

Source : Centre County Tax Claim Office

County of Centre, Pennsylvania**Schedule of Ratios of General Bonded Debt Outstanding**

(Unaudited)

Years Ended December 31

| Year | Governmental General Obligation Bonds (c) | Governmental Capital Lease Obligation | Business General Obligation Bonds | Total Primary Government | Percentage of Personal Income (a) | Percentage of Actual Value of Taxable Property (b) | Per Capita |
|-------------|--------------------------------------------------------------|----------------------------------------------------------|------------------------------------------------------|-----------------------------------------|--------------------------------------------------|-----------------------------------------------------------------------|-----------------------|
| 2006 | \$ 23,445,680 | \$ - | \$ 11,945,499 | \$ 35,391,179 | 0.92% | 0.60% | \$ 251 |
| 2007 | 23,811,253 | - | 11,214,538 | 35,025,791 | 0.88% | 0.57% | 242 |
| 2008 | 23,169,400 | - | 10,450,112 | 33,619,512 | 0.78% | 0.54% | 232 |
| 2009 | 21,967,243 | - | 9,659,265 | 31,626,508 | 0.67% | 0.51% | 216 |
| 2010 | 20,854,984 | - | 10,214,998 | 31,069,982 | 0.60% | 0.48% | 202 |
| 2011 | 18,809,795 | - | 9,359,265 | 28,169,060 | 0.52% | 0.43% | 182 |
| 2012 | 34,463,386 | 37,801 | 8,615,268 | 43,116,455 | 0.79% | 0.65% | 280 |
| 2013 | 38,530,736 | 19,451 | - | 38,550,187 | 0.61% | 0.57% | 248 |
| 2014 | 35,850,993 | 31,158 | - | 35,882,151 | 0.56% | 0.53% | 227 |
| 2015 | 33,036,579 | 58,432 | - | 33,095,011 | 0.52% | 0.48% | 208 |

(a) See Schedule of Demographic and Economic Statistics for population & personal income data.

(b) See Schedule 5 of Assessed Value and Actual Value of Taxable Real Estate for property value data.

(c) General Obligation Bonds less debt service restriction

County of Centre, Pennsylvania

Schedule of Direct and Overlapping Debt

(Unaudited)

Year Ended December 31, 2015

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable | Estimated Share of Overlapping Debt |
|-------------------------------------|---------------------|---------------------------------------|----------------------------------------------|
| County Direct Rates | | | |
| County of Centre | \$ 36,088,288 | 100% | \$ 36,088,288 |
| Borough & Township Rates | | | |
| Bellefonte Borough | 7,296,384 | 100% | 7,296,384 |
| Milesburg Borough | 116,256 | 100% | 116,256 |
| Philipsburg Borough | 1,427,909 | 100% | 1,427,909 |
| State College Borough | 32,449,660 | 100% | 32,449,660 |
| Benner Township | 289,828 | 100% | 289,828 |
| College Township | 5,361,000 | 100% | 5,361,000 |
| Ferguson Township | 1,107,200 | 100% | 1,107,200 |
| Harris Township | 147,211 | 100% | 147,211 |
| Howard Township | 8,642 | 100% | 8,642 |
| Liberty Township | 1,700,000 | 100% | 1,700,000 |
| Patton Township | 6,015,998 | 100% | 6,015,998 |
| Penn Township | 260,736 | 100% | 260,736 |
| Rush Township | 1,316,270 | 100% | 1,316,270 |
| Taylor Township | 94,802 | 100% | 94,802 |
| Worth Township | 30,000 | 100% | 30,000 |
| Total municipalities | | | 57,621,896 |
| School District Rates | | | |
| Bald Eagle | 25,103,100 | 100% | 25,103,100 |
| Bellefonte | 39,962,164 | 100% | 39,962,164 |
| Keystone Central | 20,737,718 | 5% | 1,036,886 |
| Penns Valley | 20,155,000 | 100% | 20,155,000 |
| Philipsburg | 33,599,379 | 100% | 33,599,379 |
| State College | 127,980,000 | 100% | 127,980,000 |
| Total school districts | | | 247,836,529 |
| Total indirect | | | |
| Grand total | | | \$ 341,546,712 |

Source : Survey conducted by the Controller's Office

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by residents and businesses of the County of Centre. This process recognizes that when considering government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

The estimated percentage of debt applicable to the County of Centre was provided by the individual government units.

County of Centre, Pennsylvania
Schedule of Debt Margin Information
(Unaudited)
Years Ended December 31

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|-------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| Borrowing Base Revenues (1) | \$ 46,839,099 | \$ 47,209,533 | \$ 47,182,828 | \$48,797,847 | \$50,667,901 | \$49,313,788 | \$48,073,549 | \$48,040,401 | \$46,506,200 | \$44,406,427 |
| Debt Limit Percentage | 300% | 300% | 300% | 300% | 300% | 300% | 300% | 300% | 300% | 300% |
| Debt Limit | 140,517,297 | 141,628,599 | 141,548,483 | 146,393,541 | 152,003,703 | 147,941,364 | 144,220,647 | 144,121,203 | 139,518,600 | 133,219,281 |
| General Obligation Bonds | 40,245,000 | 38,150,000 | 35,895,000 | 33,560,000 | 33,024,482 | 29,958,727 | 43,497,034 | 40,604,347 | 37,509,832 | 36,088,288 |
| Legal Debt Margin | <u>\$ 100,272,297</u> | <u>\$ 103,478,599</u> | <u>\$ 105,653,483</u> | <u>\$ 112,833,541</u> | <u>\$ 118,979,221</u> | <u>\$ 117,982,637</u> | <u>\$ 100,723,613</u> | <u>\$ 103,516,856</u> | <u>\$ 102,008,768</u> | <u>\$ 97,130,993</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 28.64% | 26.94% | 25.36% | 22.92% | 21.73% | 20.25% | 30.16% | 28.17% | 26.89% | 27.09% |

(1) The Commonwealth of Pennsylvania has enacted the "Local Government Unit Debt Act", which limits debt to revenues. Briefly, revenues of the last three years are adjusted for various nonrecurring and excludable items. The average of the adjusted revenues for the respective years is then the borrowing base. Certain percentages are applied to the borrowing base to determine the debt limitations.

County of Centre, Pennsylvania**Schedule of Demographic and Economic Statistics**

(Unaudited)

Years Ended December 31

| Year | Population | Personal Income (in thousands) | Per Capita Personal Income | Unemployment Rate |
|-------------|-------------------|-----------------------------------------------|-----------------------------------------------|------------------------------|
| 2006 | 140,953 | \$ 3,864,649 | \$ 27,418 | 3.9% |
| 2007 | 144,658 | 3,993,762 | 27,608 | 3.4% |
| 2008 | 144,779 | 4,330,340 | 29,910 | 5.6% |
| 2009 | 146,212 | 4,716,653 | 32,259 | 6.4% |
| 2010 | 153,990 | 5,174,372 | 33,602 | 5.3% |
| 2011 | 154,722 | 5,468,959 | 35,347 | 5.4% |
| 2012 | 155,171 | 5,484,829 | 35,347 | 6.0% |
| 2013 | 155,171 | 6,345,563 | 40,894 | 5.1% |
| 2014 | 157,847 | 6,454,995 | 40,894 | 3.7% |
| 2015 | 158,742 | 6,345,418 | 39,973 | 3.8% |

Source : County Planning Office and Pennsylvania Department of Labor & Industry.

County of Centre, PennsylvaniaSchedule of Principal Employers
(Unaudited)

Years Ended December 31

| Taxpayer | 2015 | | | 2006 | | |
|-------------------------------|------------------------|------|--------------------------------------|------------------------|------|--------------------------------------|
| | Number of Employees | Rank | Percentage of Total Employment | Number of Employees | Rank | Percentage of Total Employment |
| Pennsylvania State University | 26,353 | 1 | 41.02% | 14,183 | 1 | 20.17% |
| Mt. Nittany Medical Center | 2,289 | 2 | 3.56% | 1,101 | 4 | 1.57% |
| Pennsylvania State Government | 1,697 | 3 | 2.64% | 2,427 | 2 | 3.45% |
| State College Area School | 1,203 | 4 | 1.87% | 1,328 | 3 | 1.89% |
| Wal-Mart/Sam's Club | 725 | 5 | 1.13% | 863 | 5 | 1.23% |
| Glenn O. Hawbaker, Inc | 700 | 6 | 1.09% | | | |
| Weis Markets | 656 | 7 | 1.02% | 451 | 10 | 0.64% |
| County of Centre | 597 | 8 | 0.93% | 831 | 6 | 1.18% |
| Geisinger Medical Group | 545 | 9 | 0.85% | | | |
| HRI, Inc | 490 | 10 | 0.76% | | | |
| Federal Government | | | | 500 | 9 | 0.71% |
| Raytheon Corp. | | | | 530 | 7 | 0.75% |
| Jostens Printing & Publishing | | | | 512 | 8 | 0.73% |
| Total | 35,255 | | 54.88% | 22,726 | | 32.33% |
| Total County employment | 64,239 | | 100% | 70,300 | | 100% |

Source : County Planning Office and Pennsylvania Department of Labor & Industry.

County of Centre, Pennsylvania**Schedule of County Employees by Function**

(Unaudited)

Years Ended December 31

| Function/Program | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Administration | 97 | 101 | 104 | 103 | 94 | 94 | 92 | 85 | 85 | 85 |
| Judicial | 118 | 122 | 117 | 118 | 117 | 117 | 116 | 118 | 118 | 117 |
| Public Safety | 106 | 114 | 113 | 114 | 123 | 120 | 126 | 128 | 131 | 135 |
| Human Services | 146 | 149 | 152 | 156 | 156 | 152 | 154 | 159 | 146 | 151 |
| Conservation & Development | 12 | 12 | 12 | 12 | 10 | 10 | 10 | 10 | 10 | 10 |
| Enterprise: | | | | | | | | | | |
| Emergency Communication 911 | 32 | 30 | 30 | 30 | 32 | 32 | 29 | 32 | 27 | 27 |
| Nursing Home | 320 | 320 | 320 | 320 | 265 | 257 | 262 | - | - | - |
| Total enterprise | 352 | 350 | 350 | 350 | 297 | 289 | 291 | 32 | 27 | 27 |
| Total | 831 | 848 | 848 | 853 | 797 | 782 | 789 | 532 | 517 | 525 |

Source : Centre County Budget

County of Centre, Pennsylvania
Schedule of Operating Indicators by Function

(Unaudited)

Years Ended December 31

| Function/Program | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Administration: | | | | | | | | | | |
| Treasurer: | | | | | | | | | | |
| Hunting licenses | 14,904 | 14,549 | 14,402 | 13,657 | 10,285 | 11,432 | 12,398 | 12,462 | 11,326 | 11,268 |
| Sportsman Pistol Permits | | | | | 34 | 27 | 31 | 21 | 22 | 26 |
| Dog licenses | 15,497 | 14,260 | 13,699 | 13,341 | 14,443 | 13,983 | 12,478 | 13,180 | 12,035 | 10,632 |
| Fishing licenses | 400 | 428 | 347 | 295 | 247 | 208 | 141 | 162 | 103 | 130 |
| Total licenses | 30,801 | 29,237 | 28,448 | 27,293 | 25,009 | 25,650 | 25,048 | 25,825 | 23,486 | 22,056 |
| Public Defender, Cases | 2,000 | 2,134 | 2,566 | 2,407 | 2,259 | 2,657 | 2,577 | 2,600 | 2,757 | 3,103 |
| Recorder of Deeds, Deeds filed | 23,583 | 21,813 | 21,610 | 23,000 | 20,472 | 19,565 | 20,100 | 20,100 | 21,000 | 18,130 |
| Judicial: | | | | | | | | | | |
| Sheriff, Pistol permits | 2,750 | 4,538 | 5,671 | 9,792 | 12,659 | 7,291 | 3,581 | 3,660 | 3,277 | 4,008 |
| Coroner, Cases | 557 | 517 | 551 | 564 | 581 | 602 | 620 | 594 | 604 | 594 |
| District Attorney, Cases | 2,445 | 2,691 | 2,849 | 2,915 | 2,994 | 2,958 | 2,985 | 3,010 | 3,650 | 3,100 |
| Prothonotary: | | | | | | | | | | |
| Criminal cases | 2,454 | 2,595 | 2,535 | 2,608 | 2,620 | 2,538 | 2,225 | 2,246 | 2,268 | 2,334 |
| Civil cases | 5,024 | 5,629 | 5,628 | 6,226 | 5,826 | 5,750 | 4,818 | 4,999 | 4,901 | 5,036 |
| Other cases | 1,846 | 1,877 | 1,906 | 2,496 | 2,592 | 2,405 | 2,868 | 2,995 | 2,834 | 2,846 |
| Total cases | 9,324 | 10,101 | 10,069 | 11,330 | 11,038 | 10,693 | 9,911 | 10,240 | 10,003 | 10,216 |
| Magisterial District Judges, Court cases | 37,296 | 34,477 | 39,570 | 40,712 | 36,675 | 35,290 | 33,723 | 33,723 | 33,327 | 36,215 |
| Public Safety: | | | | | | | | | | |
| Probation | | | | | | | | | | |
| Juvenile cases | 205 | 241 | 289 | 250 | 194 | 175 | 173 | 165 | 126 | 150 |
| Adult cases | 3,517 | 3,954 | 3,987 | 4,391 | 3,740 | 4,285 | 3,890 | 3,936 | 4,198 | 5,000 |
| Total | 3,722 | 4,195 | 4,276 | 4,641 | 3,934 | 4,460 | 4,063 | 4,101 | 4,324 | 5,150 |
| Prison, Average daily population | 219 | 216 | 222 | 259 | 268 | 260 | 260 | 271 | 258 | 369 |
| Human Services: | | | | | | | | | | |
| Children & Youth, Caseload | 2,958 | 3,311 | 3,346 | 3,392 | 2,142 | 2,191 | 2,503 | 2,544 | 2,702 | 3,047 |
| Mental Health / Retardation, Clients | 2,584 | 2,533 | 2,531 | 2,327 | 2,359 | 2,359 | 2,500 | 2,658 | 5,400 | 3,000 |
| Drug and Alcohol: | | | | | | | | | | |
| Children clients | 270 | 309 | 147 | 160 | 41 | 49 | 75 | 56 | 65 | 50 |
| Adult clients | 1,220 | 1,808 | 1,003 | 1,050 | 992 | 845 | 1,050 | 914 | 950 | 940 |
| Total clients | 1,490 | 2,117 | 1,150 | 1,210 | 1,033 | 894 | 1,125 | 970 | 1,015 | 990 |

Source : Centre County Budget

County of Centre, Pennsylvania
Schedule of Capital Asset Statistics by Activity
(Unaudited)
Years Ended December 31

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental: | | | | | | | | | | |
| Capital Asset, net | | | | | | | | | | |
| Construction in progress | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,738,135 | \$ 12,580,667 | \$ 1,483,779 | \$ 5,941,845 |
| Land and improvements | 1,719,563 | 1,719,563 | 1,719,563 | 1,719,563 | 1,719,563 | 1,719,563 | 1,719,563 | 1,719,563 | 1,867,185 | 1,867,185 |
| Building and improvements | 29,014,711 | 30,404,150 | 31,467,769 | 30,523,539 | 29,578,790 | 28,622,675 | 27,666,138 | 34,487,150 | 34,378,728 | 33,086,701 |
| Furniture and improvements | 3,957,562 | 3,704,906 | 2,678,246 | 2,344,938 | 2,452,017 | 2,362,599 | 2,642,445 | 2,674,798 | 17,387,470 | 16,306,725 |
| Vehicles | 355,509 | 278,578 | 287,203 | 554,472 | 613,651 | 612,767 | 512,991 | 584,429 | 814,429 | 944,451 |
| Total | <u>\$ 35,047,345</u> | <u>\$ 36,107,197</u> | <u>\$ 36,152,781</u> | <u>\$ 35,142,512</u> | <u>\$ 34,364,021</u> | <u>\$ 33,317,604</u> | <u>\$ 37,279,272</u> | <u>\$ 52,046,607</u> | <u>\$ 55,931,591</u> | <u>\$ 58,146,907</u> |
| Business-type: | | | | | | | | | | |
| Capital Asset, net | | | | | | | | | | |
| Construction in progress | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 169,316 | \$ - | \$ - | \$ - | \$ - |
| Land and improvements | 7,835 | 6,964 | 6,094 | 5,224 | 4,352 | 3,482 | 3,482 | - | - | - |
| Building and improvements | 7,228,212 | 6,917,162 | 6,615,569 | 6,313,977 | 6,012,385 | 6,686,351 | 6,384,196 | 355,028 | 320,365 | 296,461 |
| Furniture and improvements | 1,552,444 | 877,353 | 679,768 | 578,150 | 451,060 | 450,744 | 703,070 | 856,166 | 746,235 | 666,506 |
| Total | <u>\$ 8,788,491</u> | <u>\$ 7,801,479</u> | <u>\$ 7,301,431</u> | <u>\$ 6,897,351</u> | <u>\$ 6,467,797</u> | <u>\$ 7,309,893</u> | <u>\$ 7,090,748</u> | <u>\$ 1,211,194</u> | <u>\$ 1,066,600</u> | <u>\$ 962,967</u> |

Source : Centre County Financial Statements

County of Centre, Pennsylvania**Schedule of Salaries and Surety Bonds**

Of Elected Officials

(Unaudited)

Year Ended December 31, 2015

| Official | Annual Salary | Bond Amount |
|--------------------------------------------------|--------------------------|------------------------|
| Commissioner | \$ 70,668 | \$ 4,000 |
| Controller | \$ 65,937 | \$ 20,000 |
| Coroner | \$ 63,937 | \$ 7,500 |
| District Attorney | \$ 175,572 | None (1) |
| Jury Commissioners | \$ 14,839 | None (1) |
| Prothonotary and Clerk of Courts | \$ 65,937 | \$ 30,000 |
| Recorder of Deeds | \$ 63,937 | \$ 10,000 |
| Register of Wills and Clerk of the Orphans Court | \$ 65,937 | \$ 25,000 |
| Sheriff | \$ 63,937 | \$ 30,000 |
| Treasurer | \$ 63,937 | \$ 74,000 |

Notes:

(1) No bond required under Section 420 of the County Code.

(2) In addition to above noted coverage, all County employees have \$600,000 Employee Dishonesty/Faithful Performance coverage

Source: Centre County Controller's Office

County of Centre Pennsylvania**Schedule of Employee Retirement Trust Fund****Revenues by Source and Expenses by Type**

(Unaudited)

Years Ended December 31

Revenues by Source

| Year | Employee Contribution | Employer's Contribution(1) | Investment Income | Total | Employer Contribution Percentage Of Covered Payroll |
|-------------|------------------------------|-----------------------------------|--------------------------|---------------|------------------------------------------------------------|
| 2006 | \$ 1,397,167 | \$ 1,416,645 | \$ 7,977,475 | \$ 10,791,287 | 5.4% |
| 2007 | 1,485,598 | 1,452,061 | 4,567,959 | 7,505,618 | 5.5% |
| 2008 | 1,538,631 | 1,373,235 | (17,090,917) | (14,179,051) | 5.0% |
| 2009 | 1,610,320 | 2,604,345 | 12,807,290 | 17,021,955 | 9.3% |
| 2010 | 1,586,019 | 2,856,056 | 6,617,488 | 11,059,563 | 10.2% |
| 2011 | 1,624,305 | 3,046,820 | 1,265,312 | 5,936,437 | 10.9% |
| 2012 | 1,630,345 | 3,138,618 | 8,381,211 | 13,150,174 | 11.3% |
| 2013 | 1,587,253 | 3,114,683 | 15,500,409 | 20,202,345 | 10.4% |
| 2014 | 1,225,880 | 2,064,993 | 5,927,290 | 9,218,163 | 9.6% |
| 2015 | 1,282,160 | 1,591,049 | (427,136) | 2,446,073 | 7.4% |

Expenses by Type

| Year | Benefits | Administrative Expenses | Refunds | Total |
|-------------|-----------------|--------------------------------|----------------|--------------|
| 2006 | \$ 2,373,783 | \$ 267,124 | \$ 674,792 | \$ 3,315,699 |
| 2007 | 2,258,061 | 300,747 | 425,029 | 2,983,837 |
| 2008 | 2,420,815 | 265,306 | 363,973 | 3,050,094 |
| 2009 | 3,437,537 | 247,546 | 194,723 | 3,879,806 |
| 2010 | 3,219,972 | 272,979 | 387,127 | 3,880,078 |
| 2011 | 3,892,837 | 307,116 | 749,583 | 4,949,536 |
| 2012 | 3,660,158 | 319,242 | 814,681 | 4,794,081 |
| 2013 | 4,268,856 | 341,248 | 1,566,604 | 6,176,708 |
| 2014 | 5,092,711 | 378,149 | 805,805 | 6,276,665 |
| 2015 | 5,406,805 | 405,264 | 437,170 | 6,249,239 |

Notes: (1) Contributions were made in accordance with actuarially determined contribution requirements.

Source: Annual Reports of Centre County Controller
Actuarial Reports of Centre County Employee Retirement Trust Fund

County of Centre, Pennsylvania

Schedule of Employee Retirement Trust Fund
Selected Data
(Unaudited)
Years Ended December 31

| <u>Year</u> | <u>Number of Active Members</u> | <u>Contributions</u> | | <u>Total</u> | <u>Number of Retired Members</u> | <u>Benefit Paid</u> |
|-------------|-----------------------------------------|----------------------|------------------|--------------|------------------------------------------|-------------------------|
| | | <u>Members</u> | <u>County(1)</u> | | | |
| 2006 | 716 | \$ 1,397,167 | \$ 1,416,645 | \$ 2,813,812 | 223 | \$ 2,373,783 |
| 2007 | 794 | 1,485,598 | 1,452,061 | 2,937,659 | 233 | 2,258,061 |
| 2008 | 770 | 1,538,631 | 1,373,235 | 2,911,866 | 252 | 2,420,815 |
| 2009 | 791 | 1,610,320 | 2,604,345 | 4,214,665 | 265 | 3,437,537 |
| 2010 | 802 | 1,586,019 | 2,856,056 | 4,442,075 | 271 | 3,219,972 |
| 2011 | 756 | 1,624,305 | 3,046,820 | 4,671,125 | 282 | 3,892,837 |
| 2012 | 754 | 1,630,345 | 3,138,618 | 4,768,963 | 294 | 3,660,158 |
| 2013 | 759 | 1,587,253 | 3,114,683 | 4,701,936 | 311 | 4,268,856 |
| 2014 | 519 | 1,225,880 | 2,064,993 | 3,290,873 | 372 | 5,092,711 |
| 2015 | 523 | 1,282,160 | 1,591,049 | 2,873,209 | 390 | 5,406,805 |

Notes: (1) Net of contributions deducted from the Employee Retirement Fund Unreserved Fund Balance.

Source: Centre County Employee Retirement Trust Fund Actuarial Valuation Reports.